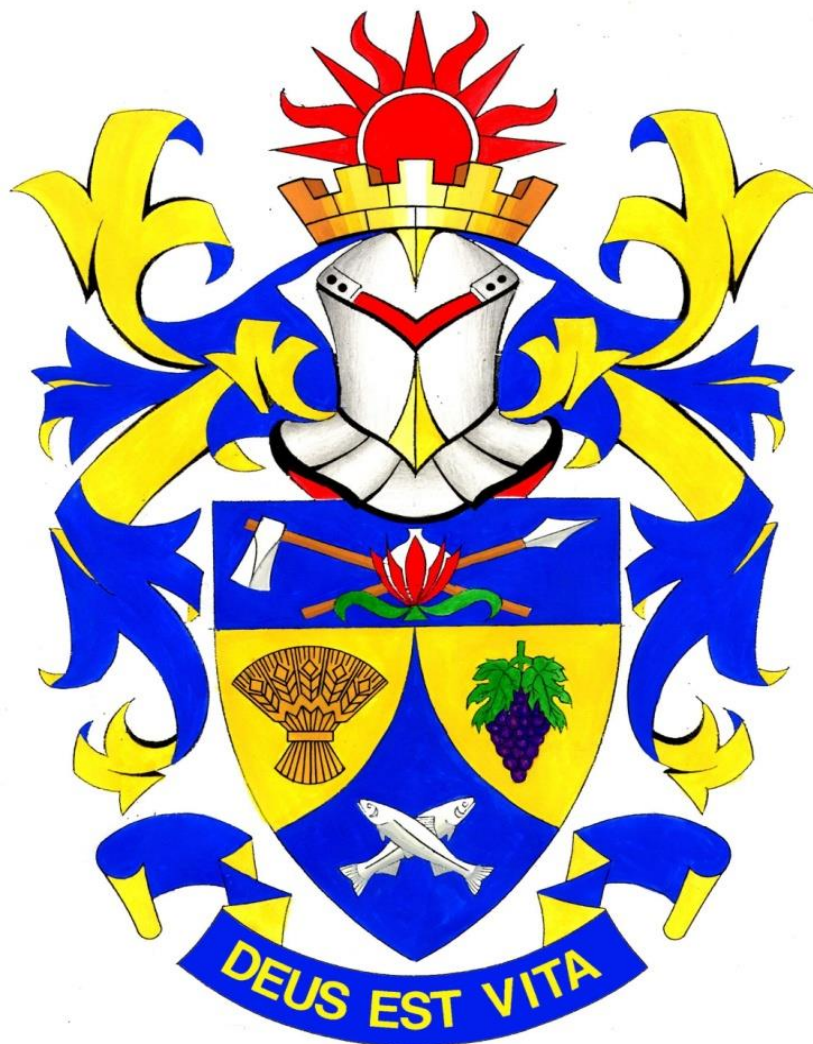


BERGRIVIER LOCAL MUNICIPALITY



UNAUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2020

BERGRIVIER LOCAL MUNICIPALITY

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BERGRIVIER LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Bergrivier Local Municipality performs the functions as set out in the Constitution of South Africa, 1996

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act 117 of 1998).

JURISDICTION

The Bergrivier Local Municipality includes the following areas:

Piketberg	Eendekuil	Aurora
Porterville	Redelinghuys	Wittewater
Velddrif	Dwarskersbos	Goedverwacht

MEMBERS OF THE COUNCIL

Ward 1	Cllr J Daniels
Ward 2	Cllr AJ du Plooy
Ward 3	Ald A de Vries
Ward 4	Ald RM van Rooy
Ward 5	Cllr A van Wyk
Ward 6	Cllr A Small
Ward 7	Ald SM Crafford
Proportional	Cllr JC Botha
Proportional	Cllr MA Wessels
Proportional	Cllr D De Bruin
Proportional	Ald SIJ Smit
Proportional	Cllr I Adams
Proportional	Cllr SS Lesch

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Ald RM van Rooy
Deputy Executive Mayor	Ald SM Crafford
Executive Councillor	Cllr AJ du Plooy
Executive Councillor	Cllr M Wessels

MUNICIPAL MANAGER

Adv. H Linde

CHIEF FINANCIAL OFFICER

Mr FM Lötter

AUDIT COMMITTEE

Mr CB de Jager (Chairperson)
Ms R Gani
Ms S Smith
Mr DJ Miller
Mr B van Staaden

REGISTERED OFFICE

13 Church Street
Piketberg

POSTAL ADDRESS

PO Box 60
Piketberg
7320

BERGRIVIER LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank Limited

ABSA Bank Limited

ATTORNEYS

De Villiers Van Zyl

Swemmer & Levin

Fox en Cronje

Jacques Ehlers

RELEVANT LEGISLATION

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)

Collective Agreements

Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)

Division of Revenue Act

Electricity Act, 1987 (Act 41 of 1987)

Employment Equity Act, 1998 (Act 55 of 1998)

Employment Services, 2014 (Act 4 of 2014)

Housing Act, 1997 (Act 107 of 1997)

Labour Relations Act, 1995 (Act 66 of 1995)

Municipal Budget and Reporting Regulations

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act, 2004 (Act 6 of 2004)

Municipal Regulations on a Standard Chart of Accounts, 2014

Municipal Structures Act, 1998 (Act 117 of 1998)

Municipal Systems Act, 2000 (Act 32 of 2000) as Amended

National Environmental Management Act, 2008 (Act 62 of 2008)

National Minimum Wage Act 9 of 2018

Occupational Health and Safety Act, 1993 (Act 85 of 1993)

Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)

Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)

SALGBC Leave Regulations

Skills Development Levies Act, 1999 (Act 9 of 1999)

Supply Chain Management Regulations, 2005

The Income Tax Act

Unemployment Insurance Act, 1966 (Act 30 of 1966)

Unemployment Insurance Contributions Act 4 of 2002

Value Added Tax Act

Water Services Act, 1997 (Act 108 of 1997)

BERGRIVIER LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2020, which are set out on pages 1 to 85 in terms of Section 126 (1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

As per the Government Gazette no 43582 dated 5 August 2020, National Treasury has granted municipalities and municipal entities a two-month extension regarding the submission of financial statements. The Municipality has taken advantage of this exemption.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Adv. H Linde
Municipal Manager



Date

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
ASSETS			
Current Assets		193 860 293	160 412 079
Cash and Cash Equivalents	2	101 812 433	71 438 105
Receivables from Exchange Transactions	3	54 026 839	55 115 514
Receivables from Non-Exchange Transactions	4	35 844 029	30 105 590
Taxes	5	-	1 310 040
Operating Lease Asset	6	47 768	23 146
Current Portion of Long-term Receivables	7	5 512	172 706
Inventory	8	2 123 712	2 246 979
Non-Current Assets		411 870 039	395 155 147
Long-term Receivables	7	300 961	445 778
Investment Property	9	16 230 078	16 231 461
Property, Plant and Equipment	10	390 742 206	374 174 770
Intangible Assets	11	4 142 781	3 849 127
Heritage Assets	12	454 012	454 012
Total Assets		605 730 331	555 567 227
Current Liabilities		59 339 687	38 328 847
Current Portion of Long-term Liabilities	13	6 072 464	5 145 106
Consumer Deposits	14	3 884 891	3 664 884
Payables from exchange transactions	15	29 671 389	15 828 731
Taxes	5	563 959	-
Unspent Conditional Government Grants	16	5 032 906	1 121 421
Operating Lease Liability	6	13 211	10 790
Current Employee benefits	17	14 100 867	12 557 915
Non-Current Liabilities		149 867 229	150 663 622
Long-term Liabilities	13	53 520 779	53 048 364
Employee benefits	18	33 398 000	37 973 204
Non-Current Provisions	19	62 948 450	59 642 054
Total Liabilities		209 206 915	188 992 469
NET ASSETS		396 523 416	366 574 758
COMMUNITY WEALTH			
Accumulated Surplus		365 414 343	335 465 686
Capital Replacement Reserve	20	30 848 500	30 848 500
Housing Development Fund	20	260 572	260 572
		396 523 416	366 574 758

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		180 842 096	161 016 371
Taxation Revenue		74 039 877	67 799 813
Property Rates	21	74 039 877	67 799 813
Transfer Revenue		80 307 345	77 240 208
Government Grants and Subsidies - Operating	22	60 114 535	56 025 405
Government Grants and Subsidies - Capital	22	20 192 811	20 514 803
Contributed Assets	23	-	700 000
Other Revenue		26 494 874	15 976 349
Insurance Refund		16 699	218 885
Fines, penalties and forfeits	24	18 020 700	9 934 861
Actuarial Gains	25	8 457 475	5 822 604
REVENUE FROM EXCHANGE TRANSACTIONS		213 195 209	189 481 635
Operating Activities		213 195 209	189 481 635
Service Charges	26	181 434 786	162 921 664
Rental of Facilities and Equipment	27	5 171 720	5 830 400
Interest Earned - external investments		7 688 308	6 202 756
Interest Earned - outstanding debtors		7 880 099	7 390 157
Licences and Permits		83 329	-
Agency Services	28	3 676 808	4 312 596
Other Income	29	2 072 983	2 311 072
Gain on disposal of Non-Monetary Assets	41	5 187 177	512 991
CONSTRUCTION CONTRACTS	30	3 863 185	6 512 701
TOTAL REVENUE		397 900 490	357 010 707
EXPENDITURE			
Employee Related Costs	31	130 947 771	123 397 594
Remuneration of Councillors	32	6 669 207	6 262 498
Debt Impairment	33	35 015 069	16 122 564
Depreciation and Amortisation	34	21 385 672	20 416 590
Finance Charges	35	15 796 125	15 498 608
Bulk Purchases	36	96 817 583	83 689 111
Contracted Services	37	20 711 772	22 863 129
Transfers and Grants	38	6 088 217	5 322 700
Other Expenditure	39	34 520 416	34 776 195
Actuarial Losses	40	-	295 409
TOTAL EXPENDITURE		367 951 833	328 644 397
NET SURPLUS FOR THE YEAR		29 948 657	28 366 310

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	CAPITAL REPLACEMENT RESERVE R	HOUSING DEVELOPMENT FUND R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2018 - Previously Reported	24 891 500	303 919	306 774 376	319 689 059
Correction of error restatement - note 42.5	-	-	6 238 644	6 238 644
Balance on 30 June 2018 - Restated	24 891 500	303 919	313 013 021	338 208 440
Net Surplus for the year	-	-	28 366 318	28 366 318
Transfer to Capital Replacement Reserve	19 505 793	-	(19 505 793)	-
Property, Plant and Equipment purchased	(13 548 793)	-	13 548 793	-
Transfer to Housing Development Fund	-	(43 347)	43 347	-
Balance on 30 June 2019 - Restated	30 848 500	260 572	335 465 686	366 574 758
Net Surplus for the year	-	-	29 948 657	29 948 657
Transfer to Capital Replacement Reserve	14 438 924	-	(14 438 924)	-
Property, Plant and Equipment purchased	(14 438 924)	-	14 438 924	-
Balance on 30 June 2020	30 848 500	260 572	365 414 343	396 523 415

BERGRIVIER LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		67 655 439	65 464 520
Service Charges and Interest on outstanding Debtors		173 477 122	148 524 627
Other Revenue		17 694 299	20 256 841
Government Grants		84 148 710	77 435 280
Investment Income		7 688 308	6 202 756
Payments			
Suppliers and employees		(273 904 752)	(274 506 329)
Finance charges		(6 528 379)	(6 614 660)
Transfer and Grants		(6 088 217)	(5 322 700)
NET CASH FROM OPERATING ACTIVITIES	44	64 142 529	31 440 334
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Non-Monetary Assets		5 550 000	785 990
Payments			
Purchase of Property, Plant and Equipment		(40 254 865)	(40 216 965)
Purchase of Intangible Assets		(683 115)	(545 846)
Purchase of Investment Property		-	(35 652)
(Increase)/Decrease in Long-term Receivables		-	43 347
NET CASH USED INVESTING ACTIVITIES		(35 387 980)	(39 969 126)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		6 550 000	6 950 000
Increase in Consumer Deposits		220 006	200 446
Payments			
Loans repaid		(5 150 226)	(5 119 513)
NET CASH FROM FINANCING ACTIVITIES		1 619 780	2 030 933
NET INCREASE/(DECREASE) IN CASH HELD		30 374 329	(6 497 859)
Cash and Cash Equivalents at the beginning of the year		71 438 105	77 935 964
Cash and Cash Equivalents at the end of the year		101 812 433	71 438 105

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	73 049 042	(11 500 004)	61 549 039	41 652 948	(19 896 090)
Call investment deposits	-	-	-	60 159 485	60 159 485
Consumer debtors	82 087 048	(3 850 800)	78 236 248	80 682 115	2 445 868
Other Receivables	5 400 569	1 929 742	7 330 311	9 236 520	1 906 209
Current portion of long-term receivables	1 303 917	(1 131 211)	172 706	5 512	(167 194)
Inventory	3 101 703	(771 470)	2 330 233	2 123 712	(206 521)
Total current assets	164 942 279	(15 323 743)	149 618 536	193 860 293	44 241 757
Non current assets					
Long-term receivables	304 641	141 137	445 778	300 961	(144 817)
Investment property	12 925 834	3 303 627	16 229 461	16 230 078	617
Property, plant and equipment	404 399 359	(8 617 463)	395 781 897	390 742 206	(5 039 690)
Intangible Assets	5 187 944	(1 223 019)	3 964 925	4 142 781	177 856
Other non-current assets	454 012	0	454 012	454 012	-
Total non current assets	423 271 790	(6 395 718)	416 876 073	411 870 039	(5 006 034)
TOTAL ASSETS	588 214 069	(21 719 460)	566 494 609	605 730 331	39 235 723
LIABILITIES					
Current liabilities					
Borrowing	5 702 354	(557 248)	5 145 106	6 072 464	927 357
Consumer deposits	3 737 000	66 488	3 803 488	3 884 891	81 403
Trade and other payables	25 248 631	(9 197 221)	16 051 410	35 281 464	19 230 054
Provisions and Employee Benefits	11 704 331	1 855 386	13 559 717	14 100 867	541 151
Total current liabilities	46 392 316	(7 832 595)	38 559 721	59 339 687	20 779 965
Non current liabilities					
Borrowing	53 765 460	1 157 272	54 922 731	53 520 779	(1 401 952)
Provisions and Employee Benefits	119 789 093	(13 147 141)	106 641 953	96 346 449	(10 295 503)
Total non current liabilities	173 554 553	(11 989 869)	161 564 684	149 867 229	(11 697 455)
TOTAL LIABILITIES	219 946 869	(19 822 464)	200 124 406	209 206 915	9 082 510
NET ASSETS	368 267 200	(1 896 997)	366 370 203	396 523 416	30 153 213
COMMUNITY WEALTH					
Accumulated Surplus	326 465 781	(402 150)	326 063 631	365 414 343	39 350 712
Reserves	41 801 419	(1 494 847)	40 306 572	31 109 072	(9 197 500)
TOTAL COMMUNITY WEALTH/EQUITY	368 267 200	(1 896 997)	366 370 203	396 523 416	30 153 213

Refer to note 46.2 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property Rates	71 681 069	798 000	72 479 069	74 039 877	1 560 808
Service Charges - Electricity Revenue	123 889 458	250 001	124 139 459	117 047 304	(7 092 155)
Service Charges - Water Revenue	27 266 202	886 000	28 152 202	28 752 115	599 913
Service Charges - Sanitation Revenue	13 987 000	(635 000)	13 352 000	13 397 853	45 853
Service Charges - Refuse Revenue	22 998 000	(867 500)	22 130 500	22 237 514	107 014
Rental of Facilities and Equipment	1 132 000	359 000	1 491 000	5 171 720	3 680 720
Interest Earned - External Investments	5 447 000	2 005 000	7 452 000	7 688 308	236 308
Interest Earned - Outstanding Debtors	4 542 000	3 439 000	7 981 000	7 880 099	(100 901)
Fines	12 472 000	3 928 000	16 400 000	18 020 700	1 620 700
Licences and Permits	262 000	(159 000)	103 000	83 329	(19 671)
Agency Services	4 413 000	51 000	4 464 000	3 676 808	(787 192)
Transfers Recognised - Operational	67 092 435	697 174	67 789 609	60 114 535	(7 675 074)
Other Revenue	13 212 000	(1 822 000)	11 390 000	14 410 342	3 020 342
Gain on disposal of PPE	-	-	-	5 187 177	5 187 177
Total Revenue (excluding capital transfers)	368 394 164	8 929 675	377 323 839	377 707 680	383 841
EXPENDITURE					
Employee Related Costs	134 014 925	707 146	134 722 071	130 947 771	(3 774 300)
Remuneration of Councillors	6 719 578	102 857	6 822 435	6 669 207	(153 228)
Debt Impairment	21 475 000	12 271 000	33 746 000	35 015 069	1 269 069
Depreciation and Asset Impairment	23 284 000	(612 000)	22 672 000	21 385 672	(1 286 328)
Finance Charges	13 967 895	1 742 677	15 710 572	15 796 125	85 553
Bulk Purchases	96 543 000	1 500 000	98 043 000	96 817 583	(1 225 417)
Other Materials	12 069 880	2 337 070	14 406 950	-	(14 406 950)
Contracted Services	26 986 108	1 105 210	28 091 318	20 711 772	(7 379 546)
Transfers and Grants	6 028 300	300 000	6 328 300	6 088 217	(240 083)
Other Expenditure	35 409 321	(1 672 926)	33 736 395	34 520 416	784 021
Total Expenditure	376 498 007	17 781 034	394 279 041	367 951 833	(26 327 208)
Surplus/(Deficit)	(8 103 843)	(8 851 359)	(16 955 202)	9 755 847	26 711 049
Transfers and subsidies - Capital (monetary)	24 066 565	743 018	24 809 583	20 192 811	(4 616 772)
Surplus/(Deficit) for the year	15 962 722	(8 108 341)	7 854 381	29 948 657	22 094 276

Refer to note 46.3 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	68 813 827	(1 074 593)	67 739 234	67 655 439	(83 795)
Service charges	180 615 035	(1 671 829)	178 943 205	173 477 122	(5 466 083)
Other revenue	20 290 000	(1 343 000)	18 947 000	17 694 299	(1 252 701)
Government Grants	91 159 000	786 230	91 945 230	84 148 710	(7 796 520)
Interest	9 807 320	(2 355 320)	7 452 000	7 688 308	236 308
Payments					
Suppliers and Employees	(311 481 843)	(3 579 401)	(315 061 244)	(273 904 752)	41 156 492
Finance Charges	(6 943 000)	500 000	(6 443 000)	(6 528 379)	(85 379)
Transfers and Grants	(6 028 300)	(300 000)	(6 328 300)	(6 088 217)	240 083
Net Cash from/(used) Operating Activities	46 232 038	(9 037 913)	37 194 125	64 142 529	26 948 404
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	5 550 000	5 550 000
Payments					
Capital Assets	(51 212 565)	2 116 402	(49 096 163)	(40 937 980)	8 158 183
Net Cash from/(used) Investing Activities	(51 212 565)	2 116 402	(49 096 163)	(35 387 980)	13 708 183
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	6 550 000	600 000	7 150 000	6 550 000	(600 000)
Increase/(Decrease) in Consumer Deposits	138 604	-	138 604	220 005	81 401
Payments					
Repayment of Borrowing	(5 275 633)	-	(5 275 633)	(5 150 226)	125 406
Net Cash from/(used) Financing Activities	1 412 971	600 000	2 012 971	1 619 779	(393 193)
NET INCREASE/(DECREASE) IN CASH HELD	(3 567 556)	(6 321 510)	(9 889 066)	30 374 328	40 263 393
Cash and Cash Equivalents at the year begin	76 616 598	(5 178 493)	71 438 105	71 438 105	-
Cash and Cash Equivalents at the year end	73 049 042	(11 500 004)	61 549 039	101 812 433	40 263 395

Refer to note 46.4 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 that grant the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

Refer to note 43 for significant amendments which were made to the accounting policy in the current year.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the Amendments to the Standards of GRAP for "Presentation of Financial Statements" which was issued in April 2019. The amendments effected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 1	Presentation of Financial Statements	1 April 2020
GRAP 21	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 26	Impairment of Cash-generating Assets	1 April 2020
GRAP 104	Financial Instruments	1 April 2020

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Municipality also resolved to early adopt the Improvements to Standards of GRAP (2020) which was issued during March 2020. The improvements effected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2021
GRAP 13	Leases	1 April 2021
GRAP 16	Investment Property	1 April 2021
GRAP 17	Property Plant and Equipment	1 April 2021
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2021
GRAP 31	Intangible Assets	1 April 2021
GRAP 32	Service Concession Arrangements: Grantor	1 April 2021
GRAP 37	Joint Arrangements	1 April 2021
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2021
Directive 7	The Application of Deemed Cost	1 April 2021

The effect of the above-mentioned amendments and improvements to the Standards of GRAP which were early adopted is considered insignificant. The amendments and improvements to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 14 - "The Application of Standards of GRAP by Public Entities that apply IFRS Standards" (effective 1 April 2021) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which were issued but are not yet effective:

1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.2 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.1.3 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

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1.08.1.4 GRAP 36 - Investments in Associates and Joint Ventures (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.1.5 GRAP 37 - Joint Arrangements (effective 1 April 2020)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.08.1.6 GRAP 38 - Disclosure of Interests in Other Entities (effective 1 April 2020)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.08.1.7 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

1.08.1.8 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 104 (Revised 2019) - Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.09 RESERVES

1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.09.2 Housing Development Fund (HDF)

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the HDF:

- (a) The HDF is fully cash-backed.
- (b) The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Human Settlements.
- (c) Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land	N/A
Buildings	5 - 100

1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Land and Buildings		Leased Assets	
Land	N/A	Furniture and Office Equipment	2 - 5
Buildings	5 - 100		
Work in progress	N/A	Community Assets	
		Community Facilities	5 - 50
Infrastructure		Sport and Recreational Facilities	5 - 50
Electrical	5 - 50	Work in progress	N/A
Roads	5 - 50		
Sanitation	5 - 100	Other Assets	
Solid Waste	3 - 50	Computer Equipment	3 - 15
Storm Water	5 - 50	Furniture and Office Equipment	5 - 30
Water Supply	3 - 100	Machinery and Equipment	2 - 30
Work in progress	N/A	Transport Assets	2 - 30

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

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Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 15

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 HERITAGE ASSETS

1.13.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where a heritage asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item’s fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.13.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

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1.13.3 Depreciation

Heritage assets are not depreciated.

1.13.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.13.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.14 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets used with the objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.14.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.14.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.14.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

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An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.15 INVENTORIES

1.15.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.15.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

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The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.16 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.16.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.16.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.16.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% (70% for employment prior to 1 October 2018) as contribution and the remaining 40% (30% for employment prior to 1 October 2018) is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16.2 Long-term Benefits

1.16.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

BERGRIVIER LOCAL MUNICIPALITY

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Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16.3 Short-term Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- (a) Wages, salaries and social security contributions;
- (b) Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- (c) non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset

1.16.3.1 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.16.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.17 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

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A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.18 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.18.1 Municipality as Lessee

1.18.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.18.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.18.2 Municipality as Lessor

1.18.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.18.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

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1.19 FINANCIAL INSTRUMENTS

1.19.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.19.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.19.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.19.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.19.4 Derecognition of financial instruments

1.19.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.19.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.19.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.20 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.20.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.20.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.20.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

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1.20.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.21 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.22 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.23 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.24 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.25 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.26 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.27 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.27.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.27.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.27.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.27.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment.

1.27.1.4 *Insurance Refund*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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1.27.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.27.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.27.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.27.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.27.2 **Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.27.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.27.2.2 *Interest earned*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.27.2.3 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.27.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.27.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.27.2.6 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.27.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27.3 Construction Contracts

Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The Municipality participates as a non-accredited municipality in the National Housing Programme. The Municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the provincial Department of Human Settlements. The Municipality assesses the terms and conditions of each contract concluded with the provincial Department of Human Settlements to establish whether the contract is a construction contract or not.

The Accounting Standards Board (ASB) issued a *Guideline on accounting for arrangements undertaken in terms of the National Housing Programme*. The guideline makes a distinction between a project manager and a project developer.

Where the Municipality is appointed as the project manager, it will assist with the process of appointing a contractor to construct houses on behalf of the provincial Department of Human Settlements. The responsibility of appointment and payment of the contractors ultimately vest with the provincial Department of Human Settlements.

Where the Municipality is appointed as the project developer, it will take on the responsibility for the construction of the houses. As project developer the Municipality will appoint contractors and will make payments for work completed on meeting milestones agreed between itself and the contractor.

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In general, where the Municipality is appointed as the project manager, it will act as an agent for the provincial Department of Human Settlements. Where the Municipality is appointed as the project developer, it is considered that the Municipality has entered into a construction contract with the provincial Department of Human Settlements.

The binding agreements entered into with the provincial Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the Department through a housing grant or subsidy.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for the work performed to date bear to the estimate total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs shall be recognised as an expense in the period in which they are incurred.

1.28 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.29 SERVICE CONCESSION ARRANGEMENTS

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator, which in this case will be the Municipality.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- (a) is provided by the operator which:
 - the operator constructs, develops, or acquires from a third party; or
 - is an existing asset of the operator; or
- (b) is provided by the grantor which:
 - is an existing asset of the grantor; or
 - is an upgrade to an existing asset of the grantor.

The Municipality recognises an asset provided by the operator and an upgrade to an existing asset of the Municipality, as a service concession asset if the Municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the Municipality controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the Municipality recognises a service concession asset, and the asset is not an existing asset of the Municipality (grantor), the Municipality (grantor) also recognises a liability.

The Municipality does not recognise a liability when an existing asset of the Municipality is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

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The Municipality initially measures the service concession asset as follows:

- (a) Where the asset is not an existing asset of the Municipality, the asset is measured at its fair value.
- (b) Where the asset is an existing asset of the Municipality and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The Municipality initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the Municipality to the operator, or from the operator to the Municipality.

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the Municipality accounts for the liability as a financial liability.

The Municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the Entity to the operator is determined using estimation techniques.

Where the Municipality does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the Municipality accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the Municipality and the operator.

The Municipality recognises revenue and reduces the liability according to the substance of the service concession arrangement.

If the Municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

The Municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

1.30 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.32 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.34 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.35 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.36 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.37 ACCOUNTING BY PRINCIPLES AND AGENTS

An agent is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principle and for the benefit of the principle.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.38.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.38.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.38.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.38.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.38.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.38.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.38.7 Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.38.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.38.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.38.10 Recognition and Derecognition of Land

In order for land to meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.38.11 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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CASH AND CASH EQUIVALENTS

Bank Accounts	41 635 098	64 569 543
Call Investment Deposits	60 159 485	6 852 211
Cash Floats	17 850	16 350

Total	101 812 433	71 438 105
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Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	5 032 906	1 121 421
Unspent Borrowings	345 000	612 304
Capital Replacement Reserve	30 848 500	30 848 500
Cash portion of Housing Development Fund	260 572	260 572
Department of Human Settlements	1 306 167	964 956
Working Capital Requirements	64 019 288	37 630 352

Total Cash and Cash Equivalents	101 812 433	71 438 105
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Bank Accounts

ABSA Bank Limited - Account number 11-8056-0153 (Primary Bank Account)	2 040 810	9 981 571
ABSA Bank Limited - Account number 91-2510-9603 (Traffic Account)	-	70 843
Nedbank Limited - Account number 11-6976-1380 (Primary Bank Account)	39 594 288	54 340 183
Nedbank Limited - Account number 11-6976-1402 (Traffic Account)	-	176 946

Total	41 635 098	64 569 543
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Bank accounts consists out of the following accounts:

ABSA Bank Limited - Account number 11-8056-0153 (Primary Bank Account)

Cash book balance at beginning of year	9 981 571	71 478 830
Cash book balance at end of year	2 040 810	9 981 571
Bank statement balance at beginning of year	9 981 571	70 986 808
Bank statement balance at end of year	2 040 810	9 981 571

ABSA Bank Limited - Account number 91-2510-9603 (Traffic Account)

Cash book balance at beginning of year	70 843	15 559
Cash book balance at end of year	-	70 843
Bank statement balance at beginning of year	70 843	15 559
Bank statement balance at end of year	-	70 843

Nedbank Limited - Account number 11-6976-1380 (Primary Bank Account)

Cash book balance at beginning of year	54 340 183	-
Cash book balance at end of year	39 594 288	54 340 183
Bank statement balance at beginning of year	53 875 457	-
Bank statement balance at end of year	39 114 846	53 875 457

Nedbank Limited - Account number 11-6976-1402 (Traffic Account)

Cash book balance at beginning of year	176 946	-
Cash book balance at end of year	-	176 946
Bank statement balance at beginning of year	176 946	-
Bank statement balance at end of year	-	176 946

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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2 CASH AND CASH EQUIVALENTS (CONTINUED)

Call Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA	-	Cash Account	-	Account Number 92-9651-1113	-	6 852 211
ABSA	-	Fixed Deposit	-	Account Number 20-7924-5251	30 079 742	-
NEDBANK	-	Fixed Deposit	-	Account Number 03/7881004312/000042	30 079 742	-
Total					60 159 485	6 852 211

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity	20 050 108	24 021 227
Water	17 986 689	14 391 057
Refuse	23 991 115	20 531 069
Sewerage	15 622 287	13 237 912
Interest	14 847 046	10 011 713
Other	9 025 362	6 999 420

Total Gross Balance

101 522 607 **89 192 398**

Less: Allowance for Debt Impairment

(47 495 769) (34 076 884)

Total Net Receivable

54 026 839 **55 115 514**

As previously reported

53 367 672

Correction of error restatement - note 42.1

1 747 841

Restated balance

55 115 514

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	34 076 884	30 668 950
Movement in the contribution to the provision	17 238 449	8 009 124

Electricity	1 709 178	338 122
Water	3 600 676	1 869 374
Refuse	4 419 605	1 645 327
Sewerage	2 978 999	959 605
Interest	3 010 138	2 266 855
Other	1 519 853	929 842

Bad Debts Written off

(3 819 564) (4 601 190)

Electricity	(67 877)	(51 668)
Water	(782 087)	(1 183 809)
Refuse	(1 027 285)	(1 394 066)
Sewerage	(639 572)	(927 335)
Interest	(477 364)	(217 762)
Other	(825 379)	(826 551)

Balance at the end of the year

47 495 769 **34 076 884**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2020			
Service Receivables			
Electricity	20 050 108	(4 069 984)	15 980 125
Water	17 986 689	(9 942 312)	8 044 377
Refuse	23 991 115	(13 735 752)	10 255 362
Sewerage	15 622 287	(8 575 020)	7 047 267
Interest	14 847 046	(7 431 420)	7 415 626
Other	9 025 362	(3 741 281)	5 284 081
Total	101 522 607	(47 495 769)	54 026 839
30 June 2019			
Service Receivables			
Electricity	24 021 227	(2 428 683)	21 592 544
Water	14 391 057	(7 123 723)	7 267 335
Refuse	20 531 069	(10 343 432)	10 187 637
Sewerage	13 237 912	(6 235 594)	7 002 318
Interest	10 011 713	(4 898 646)	5 113 067
Other	6 999 420	(3 046 807)	3 952 613
Total	89 192 398	(34 076 884)	55 115 514
Ageing of Receivables from Exchange Transactions			
Electricity			
Current (0 - 30 days)		8 512 951	14 384 401
Past Due (31 - 60 Days)		1 323 854	1 337 880
Past Due (61 - 90 Days)		806 563	560 037
Past Due (90 Days +)		9 406 741	7 738 908
Total		20 050 108	24 021 227
Water			
Current (0 - 30 days)		2 697 711	2 489 571
Past Due (31 - 60 Days)		2 163 370	1 320 934
Past Due (61 - 90 Days)		616 591	660 841
Past Due (90 Days +)		12 509 017	9 919 712
Total		17 986 689	14 391 057
Refuse			
Current (0 - 30 days)		2 116 419	1 939 048
Past Due (31 - 60 Days)		1 259 642	1 093 694
Past Due (61 - 90 Days)		867 040	719 848
Past Due (90 Days +)		19 748 014	16 778 478
Total		23 991 115	20 531 069
Sewerage			
Current (0 - 30 days)		1 287 116	1 163 105
Past Due (31 - 60 Days)		763 720	691 657
Past Due (61 - 90 Days)		560 011	465 895
Past Due (90 Days +)		13 011 440	10 917 255
Total		15 622 287	13 237 912

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Figures in Rand

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Interest

Current (0 - 30 days)	580 129	759 968
Past Due (31 - 60 Days)	559 201	742 578
Past Due (61 - 90 Days)	621 100	701 620
Past Due (90 Days +)	13 086 616	7 807 547
Total	14 847 046	10 011 713

Other

Current (0 - 30 days)	3 336 050	1 220 346
Past Due (31 - 60 Days)	193 914	106 143
Past Due (61 - 90 Days)	67 944	133 658
Past Due (90 Days +)	5 427 454	5 539 272
Total	9 025 362	6 999 420

Summary Ageing of all Receivables from Exchange Transactions

Current (0 - 30 days)	18 530 375	21 956 439
Past Due (31 - 60 Days)	6 263 702	5 292 886
Past Due (61 - 90 Days)	3 539 248	3 241 900
Past Due (90 Days +)	73 189 282	58 701 173
Total	101 522 607	89 192 398

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Property Rates	40 281 980	34 123 154
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Other Receivables

Unpaid Traffic Fines	19 998 412	12 296 910
Sundry Receivables	4 195 358	4 115 923
Unpaid Grants	210 815	140 694
Fraud Investigations	6 804 828	2 721 088

Total Gross Balance

Less: Allowance for Debt Impairment	(35 647 365)	(23 292 178)
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Total Net Receivable

As previously reported		27 629 831
Correction of error restatement - note 42.1		2 475 759
Restated balance		30 105 590

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Figures in Rand

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RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	23 292 178	28 682 795
Movement in the contribution to the provision	19 208 848	8 569 155
Property Rates	1 890 946	2 124 194
Unpaid Traffic Fines	13 490 267	6 444 961
Sundry Receivables	529 216	-
Fraud Investigations	3 298 419	-
Bad Debts Written off	(6 853 662)	(13 959 772)
Property Rates	(225 612)	(445 442)
Unpaid Traffic Fines	(6 628 050)	(13 514 330)
Balance at the end of the year	35 647 365	23 292 178

The Allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

The allowance for debt impairment of unpaid traffic fines has been made for all balances outstanding based on the cumulative collection rate. All unpaid traffic fines older than 1 year are impaired in full.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2020			
Service Receivables			
Property Rates	40 281 980	(13 626 703)	26 655 277
Other Receivables			
Unpaid Traffic Fines	19 998 412	(18 193 026)	1 805 386
Sundry Receivables	4 195 358	(529 216)	3 666 142
Unpaid Grants	210 815	-	210 815
Fraud Investigations	6 804 828	(3 298 419)	3 506 409
Total	71 491 394	(35 647 365)	35 844 029
30 June 2019			
Service Receivables			
Property Rates	34 123 154	(11 961 369)	22 161 785
Other Receivables			
Unpaid Traffic Fines	12 296 910	(11 330 810)	966 100
Sundry Receivables	4 115 923	-	4 115 923
Unpaid Grants	140 694	-	140 694
Fraud Investigations	2 721 088	-	2 721 088
Total	53 397 768	(23 292 178)	30 105 590

Ageing of Receivables from Non-Exchange Transactions

Property Rates

Current (0 - 30 days)	5 502 067	4 899 178
Past Due (31 - 60 Days)	2 497 537	1 804 835
Past Due (61 - 90 Days)	1 345 913	955 491
Past Due (90 Days +)	30 936 463	26 463 650
Total	40 281 980	34 123 154

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

<i>Figures in Rand</i>		2020	2019
5	TAXES		
	VAT Claimable/(Payable)	2 751 183	2 483 307
	VAT Input in Suspense	(44 904)	842 118
	VAT Output in Suspense - net	(3 270 238)	(2 015 385)
	VAT Output in Suspense	(8 244 987)	(5 557 906)
	Less: VAT on Allowance for Debt Impairment	4 974 749	3 542 521
	Total	(563 959)	1 310 040
	As previously reported		1 839 119
	Correction of error restatement - note 42.1		(529 079)
	Restated balance		1 310 040
	Reconciliation of VAT on Allowance for Debt Impairment		
	Balance at beginning of year	3 542 521	3 086 805
	Debt Impairment for current year	1 432 228	455 716
	Balance at the end of the year	4 974 749	3 542 521
6	OPERATING LEASES		
6.1	OPERATING LEASE ASSET		
	Operating Lease Asset	47 768	23 146
	The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.		
	Reconciliation of Operating Lease Asset		
	Balance at the beginning of the year	23 146	39 955
	Movement during the year	24 622	(16 809)
	Balance at the end of the year	47 768	23 146
	The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
	Within 1 Year	78 301	80 180
	Between 1 and 5 Years	61 625	103 127
	After 5 Years	3 000	-
	Total operating lease payments	142 926	183 307
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased. Escalation between 7% and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.		
	The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.		

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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6 OPERATING LEASES (CONTINUED)

6.2 OPERATING LEASE LIABILITY

Operating Lease Liability

13 211

10 790

The operating lease liability is derived from contracts where the Municipality acts as the lessee in the agreement.

Reconciliation of Operating Lease Liability

Balance at the beginning of the year

10 790

-

Movement during the year

2 421

10 790

Balance at the end of the year

13 211

10 790

The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year

192 368

178 947

Between 1 and 5 Years

32 439

224 807

After 5 Years

-

-

Total operating lease payments

224 807

403 754

Operating leases consist out of the following leases:

- Lease of office space for a period of 36 months (ending August 2021) with an escalation of 7.5% per annum.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

7 LONG-TERM RECEIVABLES

Receivables with repayment arrangements

94 681

406 692

Individual Housing Loans

211 792

211 792

Sub-Total

306 473

618 484

Less: Current portion of Long-term Receivables

5 512

172 706

Receivables with repayment arrangements

5 512

172 706

Individual Housing Loans

-

-

Total

300 961

445 778

Receivables with repayment arrangements

Debtors amounting to R94 681 (2019 - R406 692) have arranged to settle their account over an re-negotiated period. Total payments to the value of R89 169 (2019 - R233 986) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Individual Housing Loans

The loans were granted to facilitate housing schemes in the municipal area.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Figures in Rand

	2020	2019
8 INVENTORY		
Fuel	20 034	218 180
Water	159 665	149 716
Spare Parts	1 944 012	1 879 084
Total	2 123 712	2 246 979
As previously reported		2 330 233
Correction of error restatement - note 42.2		(83 254)
Restated balance		2 246 979

Inventory are disclosed at the lower of cost or net realisable value.

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	2 148	86 484
Inventory recognised as an expense during the year		
Fuel	2 471 581	4 163 097
Water	11 507 211	9 498 393
Spare parts	3 181 584	3 974 359
Total	17 160 376	17 635 849

9 INVESTMENT PROPERTY

Investment Property - Carrying Value	16 230 078	16 231 461
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The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value	16 231 461	15 546 452
Cost	16 262 536	15 576 884
Accumulated Depreciation	(31 075)	(30 432)
Accumulated Impairment	-	-
Additions	-	35 652
Contributed Assets	-	700 000
Disposals	-	(50 000)
Depreciation	(1 382)	(643)
Closing Carrying Value	16 230 078	16 231 461
Cost	16 262 536	16 262 536
Accumulated Depreciation	(32 458)	(31 075)
Accumulated Impairment	-	-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	576 939	576 939
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No significant operating expenditure was incurred on investment property during the 2019/20 and 2018/19 financial year.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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2019

10 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2020				
Land and Buildings	74 421 690	(11 315 723)	-	63 105 967
Infrastructure	360 354 885	(111 368 550)	-	248 986 335
Community Assets	65 212 258	(22 813 445)	-	42 398 813
Other Assets	61 676 834	(36 842 537)	-	24 834 297
Capitalised Restoration Cost	31 831 554	(20 414 761)	-	11 416 793
Total	593 497 222	(202 755 016)	-	390 742 206

30 June 2019

Land and Buildings	73 357 424	(10 302 729)	-	63 054 696
Infrastructure	334 526 991	(100 470 787)	-	234 056 204
Community Assets	59 354 950	(20 870 706)	-	38 484 244
Other Assets	54 675 157	(32 865 364)	-	21 809 793
Capitalised Restoration Cost	34 161 333	(17 391 499)	-	16 769 834
Total	556 075 856	(181 901 086)	-	374 174 770

As previously reported

Correction of error restatement - note 42.3

Restated balance

There are no PPE pledged as security for financial liabilities.

Repairs and Maintenance incurred on Property, Plant and Equipment	8 179 030	8 593 315
--------------------------------------------------------------------------	------------------	------------------

Capital Restoration Costs

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Municipality.

Carrying value of assets subject to service concession arrangement	1 659 181	1 729 076
---------------------------------------------------------------------------	------------------	------------------

In 2006 the Municipality entered into a service concession arrangement with the West Coast District Municipality (WCDM) for an initial period of 10 years wherein the WCDM operates the Municipality's assets to provide bulk water to the Municipality to distribute to its consumers.

The agreement was subsequently extended. The other parties to this arrangement are Saldanha and Swartland municipalities which also appointed the WCDM as an operator.

The WCDM uses the bulk water services assets to provide water to the local municipalities and private users. In terms of the service level agreement, the local municipalities determine a tariff, in consultation with the WCDM, that allows the WCDM to recover the costs the WCDM incurs in the provision of the bulk water services. The local municipalities also pay the WCDM an administrative fee of 10% of the operational costs which is also included in the tariff above.

The local municipalities recognise the costs recovered by the WCDM through the tariff as expenditure in their respective financial statements by its nature, as bulk purchases for water. The local municipalities also recognise all revenue earned from providing water to consumers, through monthly billing of the consumers, within their respective areas of jurisdiction.

The WCDM also provides water services to third parties and bills the third parties directly (farmers in remote areas and some big businesses). The provision of the water to these third parties is approved by the local municipalities when the tariff for the year is approved. The water provided to third parties by the WCDM is thus recognised in their records in line with GRAP 32.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
30 June 2020												
Land and Buildings	73 357 424	1 064 266	-	-	-	74 421 690	10 302 729	1 012 994	-	-	11 315 723	63 105 967
Land	36 385 277	-	-	-	-	36 385 277	-	-	-	-	-	36 385 277
Buildings	33 398 820	17 290	-	-	4 603 919	38 020 029	10 302 729	1 012 994	-	-	11 315 723	26 704 306
Work in progress	3 573 328	1 046 976	-	-	(4 603 919)	16 384	-	-	-	-	-	16 384
Infrastructure	334 526 991	26 208 567	(380 673)	-	-	360 354 885	100 470 787	10 994 773	-	(97 010)	111 368 550	248 986 335
Electrical	49 624 295	-	-	-	6 117 997	55 742 292	15 478 092	1 695 324	-	-	17 173 416	38 568 876
Roads	65 335 316	-	-	-	4 592 282	69 927 598	24 249 662	2 016 966	-	-	26 266 628	43 660 970
Sanitation	79 265 335	-	(227 325)	-	29 430 750	108 468 760	22 430 311	3 230 612	-	(93 498)	25 567 425	82 901 336
Solid Waste	9 742 088	-	-	-	27 093	9 769 180	6 008 583	453 935	-	-	6 462 518	3 306 662
Storm Water	14 366 629	-	-	-	498 064	14 864 694	5 736 098	326 958	-	-	6 063 057	8 801 637
Water Supply	82 209 256	-	(3 563)	-	481 355	82 687 048	26 568 041	3 270 977	-	(3 512)	29 835 506	52 851 542
Work in progress	33 984 072	26 208 567	(149 784)	-	(41 147 541)	18 895 313	-	-	-	-	-	18 895 313
Community Assets	59 354 950	5 931 988	(74 680)	-	-	65 212 258	20 870 706	1 963 492	-	(20 753)	22 813 445	42 398 813
Community Facilities	19 388 463	10 435	-	-	652 103	20 051 001	8 474 977	722 206	-	-	9 197 183	10 853 818
Sport and Recreational Facilities	39 578 984	-	(74 680)	-	729 395	40 233 699	12 395 729	1 241 286	-	(20 753)	13 616 262	26 617 437
Work in progress	387 503	5 921 553	-	-	(1 381 498)	4 927 559	-	-	-	-	-	4 927 559
Other Assets	54 675 157	7 050 045	(48 368)	-	-	61 676 834	32 865 364	4 000 308	-	(23 136)	36 842 537	24 834 297
Computer Equipment	4 533 163	461 760	(5 750)	-	-	4 989 173	2 702 482	477 971	-	(5 588)	3 174 866	1 814 308
Furniture and Office Equipment	10 987 991	1 404 514	(20 038)	-	-	12 372 467	6 846 855	1 057 438	-	(10 278)	7 894 015	4 478 452
Machinery and Equipment	17 712 738	919 999	(22 580)	-	-	18 610 157	11 374 092	1 146 011	-	(7 270)	12 512 833	6 097 324
Transport Assets	21 441 265	4 263 771	-	-	-	25 705 036	11 941 936	1 318 887	-	-	13 260 823	12 444 213
Capitalised Restoration Costs	34 161 333	-	(2 329 778)	-	-	31 831 554	17 391 499	3 023 262	-	-	20 414 761	11 416 793
Landfill Site Rehabilitation	34 161 333	-	(2 329 778)	-	-	31 831 554	17 391 499	3 023 262	-	-	20 414 761	11 416 793
	556 075 856	40 254 865	(2 833 499)	-	-	593 497 222	181 901 086	20 994 829	-	(140 898)	202 755 016	390 742 206

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
30 June 2019	70 945 844	2 411 580	-	-	-	73 357 424	9 319 552	983 177	-	-	10 302 729	63 054 696
Land and Buildings	70 945 844	2 411 580	-	-	-	73 357 424	9 319 552	983 177	-	-	10 302 729	63 054 696
Land	36 385 277	-	-	-	-	36 385 277	-	-	-	-	-	36 385 277
Buildings	32 049 883	45 764	-	-	1 303 172	33 398 820	9 319 552	983 177	-	-	10 302 729	23 096 091
Work in progress	2 510 684	2 365 816	-	-	(1 303 172)	3 573 328	-	-	-	-	-	3 573 328
Infrastructure	309 959 812	24 401 315	(87 913)	-	253 777	334 526 991	90 231 638	10 285 937	-	(46 789)	100 470 787	234 056 204
Electrical	48 108 383	-	(8 956)	-	1 524 867	49 624 295	13 917 532	1 561 585	-	(1 025)	15 478 092	34 146 203
Roads	62 048 394	-	(78 957)	-	3 365 879	65 335 316	22 382 002	1 913 423	-	(45 764)	24 249 662	41 085 654
Sanitation	78 522 794	-	-	-	742 541	79 265 335	19 653 564	2 776 747	-	-	22 430 311	56 835 025
Solid Waste	9 742 088	-	-	-	-	9 742 088	5 554 509	454 074	-	-	6 008 583	3 733 505
Storm Water	13 757 449	-	-	-	609 181	14 366 629	5 416 033	320 065	-	-	5 736 098	8 630 531
Water Supply	81 156 621	-	-	-	1 052 635	82 209 256	23 307 998	3 260 043	-	-	26 568 041	55 641 215
Work in progress	16 624 083	24 401 315	-	-	(7 041 327)	33 984 072	-	-	-	-	-	33 984 072
Community Assets	52 683 925	6 924 802	-	-	(253 777)	59 354 950	19 084 376	1 786 330	-	-	20 870 706	38 484 244
Community Facilities	19 304 859	83 604	-	-	-	19 388 463	7 768 176	706 801	-	-	8 474 977	10 913 486
Sport and Recreational Facilities	33 229 065	845 799	-	-	5 504 120	39 578 984	11 316 200	1 079 529	-	-	12 395 729	27 183 255
Work in progress	150 000	5 995 400	-	-	(5 757 897)	387 503	-	-	-	-	-	387 503
Other Assets	50 301 485	6 479 267	(2 105 595)	-	-	54 675 157	30 575 183	4 213 902	-	(1 923 720)	32 865 364	21 809 793
Computer Equipment	3 827 885	969 406	(264 128)	-	-	4 533 163	2 408 131	537 536	-	(243 184)	2 702 482	1 830 681
Furniture and Office Equipment	10 378 912	1 189 566	(580 487)	-	-	10 987 991	6 225 997	1 133 097	-	(512 239)	6 846 855	4 141 137
Machinery and Equipment	18 018 530	329 000	(634 793)	-	-	17 712 738	10 558 614	1 418 773	-	(603 295)	11 374 092	6 338 646
Transport Assets	18 076 158	3 991 295	(626 188)	-	-	21 441 265	11 382 442	1 124 496	-	(565 002)	11 941 936	9 499 329
Capitalised Restoration Costs	31 953 437	2 302 341	(94 445)	-	-	34 161 333	14 769 942	2 621 558	-	-	17 391 499	16 769 834
Landfill Site Rehabilitation	31 953 437	2 302 341	(94 445)	-	-	34 161 333	14 769 942	2 621 558	-	-	17 391 499	16 769 834
	515 844 503	42 519 306	(2 287 954)	-	-	556 075 856	163 980 690	19 890 904	-	(1 970 509)	181 901 086	374 174 770

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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11 INTANGIBLE ASSETS

Intangible Assets - Carrying Value

4 142 781

3 849 127

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value

3 849 127

3 828 323

Cost

5 318 053

4 772 207

Work in Progress

1 358 819

1 358 819

Accumulated Depreciation

(2 827 745)

(2 302 703)

Accumulated Impairment

-

-

Additions

683 115

545 846

Work in progress additions

-

-

Amortisation

(389 461)

(525 042)

Disposal

-

-

Cost

-

-

Accumulated Depreciation

-

-

Closing Carrying Value

4 142 781

3 849 127

Cost

6 001 168

5 318 053

Work in Progress

1 358 819

1 358 819

Accumulated Depreciation

(3 217 206)

(2 827 745)

Accumulated Impairment

-

-

Work in progress is included in the carrying value of Intangible Assets. No amortisation is recognised against these amounts. The work in progress balance relates to a GIS System in process of being implemented at the Municipality. In the current year, the Municipality advertised for the implementation of the system, but the tender amounts received exceeded the available budget. The tender will be readvertised in the next financial year.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

12 HERITAGE ASSETS

Heritage Assets - Carrying Value

454 012

454 012

The carrying value of Heritage Assets are reconciled as follows:

Opening Carrying Value

454 012

454 012

Cost

454 012

454 012

Accumulated Impairment

-

-

Movement

-

-

Closing Carrying Value

454 012

454 012

Cost

454 012

454 012

Accumulated Impairment

-

-

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

<i>Figures in Rand</i>	2020	2019
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13 LONG-TERM LIABILITIES

Annuity Loans	59 593 243	58 193 471
Less: Current portion	(6 072 464)	(5 145 106)
Total	53 520 779	53 048 364

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up	59 593 243	58 193 471
Used to finance Property, Plant and Equipment at cost	(59 248 243)	(57 581 166)
Unspent Borrowings	345 000	612 304

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.

Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA (61003131)	16.50%	2020/12/31	79 532	220 829
Nedbank (05/7831032282)	11.27%	2023/06/12	1 634 381	2 072 594
DBSA (61001029)	12.41%	2030/06/30	13 427 925	14 076 957
DBSA (61006811)	11.53%	2031/06/30	3 204 567	3 343 483
DBSA (61006837)	11.59%	2036/06/30	7 997 779	8 164 013
DBSA (61006975)	11.33%	2032/06/30	3 310 164	3 432 750
Standard Bank (252933753)	11.95%	2024/06/30	3 690 957	4 371 493
Standard Bank (410683566)	10.26%	2023/06/30	3 998 155	5 087 018
ABSA (3044794458)	9.99%	2021/06/30	102 498	197 809
ABSA (3044701437)	10.57%	2026/06/12	4 085 138	4 548 430
ABSA (3046456438)	10.12%	2027/06/30	4 768 849	5 214 478
ABSA (3046456399)	9.77%	2022/06/30	358 755	513 617
DBSA (61007572)	9.28%	2029/06/29	5 469 284	5 850 000
DBSA (61007573)	8.90%	2024/06/30	915 259	1 100 000
DBSA (61007642)	10.07%	2023/06/12	6 550 000	-
Total			59 593 243	58 193 471

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	12 641 177	11 673 958
Payable within two to five years	43 070 109	43 024 667
Payable after five years	42 764 872	44 911 852
Total amount payable	98 476 158	99 610 477
Less: Outstanding Future Finance Charges	(38 882 915)	(41 417 006)
Present value of annuity loans	59 593 243	58 193 471

14 CONSUMER DEPOSITS

Water and Electricity Deposits	3 884 891	3 664 884
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The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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15 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	16 256 114	4 423 490
Retentions	229 634	700 779
Payments Received in Advance	5 391 189	3 941 664
Unused Pre-paid Electricity	1 080 452	678 152
Sundry Creditors	1 176 833	967 195
Sundry Deposits	844 084	1 002 860
Unknown Receipts	3 386 916	3 149 636
Department of Human Settlements	1 306 167	964 956
Total	29 671 389	15 828 731

As previously reported

16 040 621

Correction of error restatement - note 42.4

255 570

Change in accounting policy restatement - note 43.1

(467 459)

Restated balance

15 828 731

Payables are being recognised net of any discounts received.

The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

Department of Human Settlements balance consist of the following:

Advances received for the construction of housing top structures - note 30

480 958

143 579

Advances received in terms of principle-agent arrangements - note 54.2

825 209

821 376

Total

1 306 167

964 956

16 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	2 486 661	-
Provincial Government	2 149 257	1 121 421
Other Grant Providers	396 988	-
Total	5 032 906	1 121 421

As previously reported

653 962

Change in accounting policy restatement - note 43.1

467 459

Restated balance

1 121 421

Detail reconciliations of all grants received and grant conditions met are included in note 22.

Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

17 CURRENT EMPLOYEE BENEFITS

Bonuses	3 340 430	3 229 287
Staff Leave	8 434 758	6 673 518
Performance Bonuses	378 679	294 692
Current portion of Non-Current Employee Benefits - note 18	1 947 000	2 360 418
Post Retirement Medical Benefits	1 405 000	1 348 415
Long Service Awards	542 000	1 012 003
Total	14 100 867	12 557 915

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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17 CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current employee benefits are reconciled as follows:

17.1 Bonuses

Opening Balance	3 229 287	2 839 723
Contribution during the year	6 119 394	5 732 029
Payments made	(6 008 251)	(5 342 465)
Balance at the end of the year	3 340 430	3 229 287

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

17.2 Staff Leave

Opening Balance	6 673 518	5 940 989
Contribution during the year	2 299 159	1 344 927
Payments made	(537 918)	(612 398)
Balance at the end of the year	8 434 758	6 673 518

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

17.3 Performance Bonuses

Opening Balance	294 692	256 294
Contribution during the year	305 006	294 692
Payments made	(221 019)	(256 294)
Balance at the end of the year	378 679	294 692

Performance bonuses are being paid to the Chief Financial Officer and Director Community Services after an evaluation of performance by the council.

18 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	29 384 000	34 080 827
Long Service Awards	5 961 000	6 252 795
Sub-Total	35 345 000	40 333 622
Less: Current portion of Employee Benefits	1 947 000	2 360 418
Post Retirement Medical Benefits	1 405 000	1 348 415
Long Service Awards	542 000	1 012 003
Total	33 398 000	37 973 204

18.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	34 080 827	36 122 084
Contribution during the year	4 717 463	5 097 128
Current Service Cost	1 559 099	1 697 230
Interest Cost	3 158 364	3 399 898
Payments made	(1 336 762)	(1 315 781)
Actuarial Loss/(Gain)	(8 077 528)	(5 822 604)
Total balance at year-end	29 384 000	34 080 827
Less: Current portion	(1 405 000)	(1 348 415)
Total	27 979 000	32 732 412

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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18 EMPLOYEE BENEFITS (CONTINUED)

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	173	176
In-service non-members	193	202
Continuation members	29	29
Total	395	407

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2020	11 530 000	2 092 000	15 762 000	29 384 000
30 June 2019	13 491 716	2 677 741	17 911 370	34 080 827
30 June 2018	14 692 550	4 440 963	16 988 570	36 122 084
30 June 2017	15 311 846	4 632 412	17 177 161	37 121 419
30 June 2016	19 070 202	4 091 768	15 424 752	38 586 722

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2020	(1 825 000)	-
30 June 2019	(1 129 000)	-
30 June 2018	(2 318 000)	-
30 June 2017	(727 000)	-
30 June 2016	773 000	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	10.37%	9.45%
Health Care Cost Inflation Rate	6.43%	6.88%
Net Effective Discount Rate	3.70%	2.40%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal Retirement Age

It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Last Valuation

The last valuation was performed on 28 July 2020.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (R)	Continuation members (R)	Total liability (R)	% change
Liability	13 622 000	15 762 000	29 384 000	
Health care inflation rate (+ 1%)	15 103 000	17 244 000	32 347 000	10%
Health care inflation rate (- 1%)	11 797 000	14 446 000	26 243 000	-11%
Discount rate (+ 1%)	11 417 000	14 483 000	25 900 000	-12%
Discount rate (- 1%)	16 436 000	17 260 000	33 696 000	15%
Post-employment mortality (+ 1 year)	13 314 000	15 274 000	28 588 000	-3%
Post-employment mortality (- 1 year)	13 923 000	16 250 000	30 173 000	3%
Average retirement age (- 1 year)	15 052 000	15 762 000	30 814 000	5%
Continuation of membership at retirement (- 10%)	10 841 000	15 762 000	26 603 000	-9%

Sensitivity Analysis - Future Service and Interest Cost (Current Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2019/20	1 559 099	3 158 364	4 717 463	
Health care inflation rate (+ 1%)	1 962 900	3 702 100	5 665 000	20%
Health care inflation rate (- 1%)	1 250 800	2 721 800	3 972 600	-16%
Discount rate (+ 1%)	1 271 100	3 023 800	4 294 900	-9%
Discount rate (- 1%)	1 938 400	3 302 600	5 241 000	11%
Post-employment mortality (- 1 year)	1 605 000	3 259 100	4 864 100	3%
Average retirement age (- 1 year)	1 750 800	3 313 600	5 064 400	7%
Continuation of membership at retirement (- 10%)	1 220 000	2 819 700	4 039 700	-14%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2020/21	1 341 000	2 976 000	4 317 000	
Health care inflation rate (+ 1%)	1 487 000	3 283 000	4 770 000	10%
Health care inflation rate (- 1%)	1 152 000	2 651 000	3 803 000	-12%
Discount rate (+ 1%)	1 119 000	2 867 000	3 986 000	-8%
Discount rate (- 1%)	1 622 000	3 093 000	4 715 000	9%
Post-employment mortality (+ 1 year)	1 310 000	2 894 000	4 204 000	-3%
Post-employment mortality (- 1 year)	1 370 000	3 058 000	4 428 000	3%
Average retirement age (- 1 year)	1 507 000	3 124 000	4 631 000	7%
Continuation of membership at retirement (- 10%)	1 075 000	2 688 000	3 763 000	-13%

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18 EMPLOYEE BENEFITS (CONTINUED)

18.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	6 252 795	5 579 123
Contribution during the year	1 033 650	932 462
Current Service Cost	560 442	474 360
Interest Cost	473 208	458 102
Payments made	(945 498)	(554 200)
Actuarial Loss/(Gain)	(379 947)	295 409
Total balance at year-end	5 961 000	6 252 795
Less: Current portion	(542 000)	(1 012 003)
Total	5 419 000	5 240 792

The Long Service Awards plans are defined benefit plans.

Number of employees that are eligible for Long Service Awards	360	378
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The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Unfunded Liability R
30 June 2020	5 961 000
30 June 2019	6 252 795
30 June 2018	5 579 123
30 June 2017	5 116 748
30 June 2016	5 071 550

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2020	(9 947)	-
30 June 2019	275 911	-
30 June 2018	(64 378)	-
30 June 2017	(190 643)	-
30 June 2016	(128 533)	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	7.66%	8.22%
General Salary Inflation (long-term)	4.13%	5.60%
Net Effective Discount Rate applied to salary-related Long Service Awards	3.39%	2.48%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Last Valuation

The last valuation was performed on 28 July 2020.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

BERGRIVIER LOCAL MUNICIPALITY

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18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	5 961 000	6 380 000	7%
General earnings inflation rate (- 1%)	5 961 000	5 582 000	-6%
Discount rate (+ 1%)	5 961 000	5 571 000	-7%
Discount rate (- 1%)	5 961 000	6 400 000	7%
Average retirement age (+ 2 years)	5 961 000	6 767 000	14%
Average retirement age (- 2 years)	5 961 000	5 115 000	-14%
Withdrawal rates (x 2)	5 961 000	4 719 000	-21%
Withdrawal rates (x 0.5)	5 961 000	6 835 000	15%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2020/21	525 000	436 000	961 000	
General earnings inflation rate (+ 1%)	571 000	468 000	1 039 000	8%
General earnings inflation rate (- 1%)	481 000	407 000	888 000	-8%
Discount rate (+ 1%)	485 000	459 000	944 000	-2%
Discount rate (- 1%)	568 000	408 000	976 000	2%
Average retirement age (+ 2 years)	583 000	498 000	1 081 000	12%
Average retirement age (- 2 years)	462 000	372 000	834 000	-13%
Withdrawal rates (x 2)	373 000	341 000	714 000	-26%
Withdrawal rates (x 0.5)	639 000	503 000	1 142 000	19%

18.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund) 796 709 743 285

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund is in a sound financial position with a funding level of 100.7% (30 June 2018 - 103.7%).

Consolidated Retirement Fund (Former Cape Retirement Fund) 10 551 011 9 719 064

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2018 - 100.4%).

Total	11 347 720	10 462 350
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Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

BERGRIVIER LOCAL MUNICIPALITY

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18 EMPLOYEE BENEFITS (CONTINUED)

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

Municipal Councillors Pension Fund	150 276	147 096
SAMWU National Provident Fund	2 040 748	2 040 453
Total	2 191 024	2 187 549

The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

19 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	62 948 450	59 642 054
------------------------------------------------	-------------------	-------------------

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	59 642 054	52 408 211
Contribution during the year	3 306 396	7 233 843
Increase/(Decrease) in estimate	(2 329 778)	2 207 896
Interest Cost	5 636 174	5 025 947
Total	62 948 450	59 642 054

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions	Estimated Decommission Date	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Porterville	55 022m ²	2025	26 176 999	25 049 788
Piketberg	57 000m ²	2025	29 108 710	27 875 413
Aurora	7 370m ²	2025	5 088 492	4 583 685
Redelinghuys	1 340m ²	2025	2 574 249	2 133 169
Total			62 948 450	59 642 054

Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Porterville	2025	39 287 088	39 670 305
Piketberg	2025	43 687 071	44 145 130
Aurora	2025	7 810 891	7 390 792
Redelinghuys	2025	3 951 450	3 439 547
Total		94 736 500	94 645 774

BERGRIVIER LOCAL MUNICIPALITY

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20 RESERVES

Capital Replacement Reserve	30 848 500	30 848 500
Housing Development Fund	260 572	260 572
Total	31 109 072	31 109 072

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

21 PROPERTY RATES

Rateable Land and Buildings	74 039 877	67 799 813
Total	74 039 877	67 799 813

Property rate levied are based on the following rateable valuations:

Residential Property	5 773 916 720	5 759 848 720
Commercial Property	880 747 500	808 362 000
Industrial Property	321 580 000	323 098 000
Institutional	160 936 600	313 859 600
Agricultural Purposes	5 253 880 800	5 231 312 800
State - National/ Provincial Services	81 116 500	600 000
Public Service Infrastructure	6 194 500	1 240 500
Religious	11 279 000	3 380 000
Municipal Property	108 670 000	104 859 500
Total Valuation	12 598 321 620	12 546 561 120

Rate that is applicable to the valuations above:

Residential	0.945c/R	0.891c/R
Commercial/Industrial	1.039c/R	0.980c/R
Agricultural	0.189c/R	0.178c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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22 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

45 025 000

41 390 000

Equitable Share

45 025 000

41 390 000

Conditional Grants - National Government

21 105 339

25 717 000

Finance Management Grant (FMG)

1 550 000

1 550 000

Municipal Infrastructure Grant (MIG)

14 548 000

19 754 000

Expanded Public Works Programme (EPWP)

1 422 000

1 413 000

Integrated National Electrification Programme (INEP)

3 513 339

3 000 000

Municipal Disaster Relief Grant (COGTA)

72 000

-

Conditional Grants - Provincial Government

13 722 217

8 477 715

CDW Contribution

-

-

Western Cape Financial Management Support Grant

330 000

690 000

Proclaimed Roads

97 000

92 730

Regional Socio - Economic Project/Violence Prevention through Urban Upgrading

4 040 515

1 000 000

Library Services

6 912 566

6 694 985

Financial Management Capacity Building Grant

355 323

-

Local Government Graduate Internship Allocation

-

-

Development of Sport and Recreation Facilities

204 040

-

Fire Service Capacity Building Grant

820 261

-

Local Government Support Grant - COVID-19

600 000

-

Department of Human Settlements

362 512

-

Conditional Grants - Other Grant Providers

454 789

955 493

Heist op den Berg

330 704

766 678

Chieta

124 085

188 815

Total

80 307 345

76 540 208

Disclosed as:

Government Grants and Subsidies - Operating

60 114 535

56 025 405

Government Grants and Subsidies - Capital

20 192 811

20 514 803

Total

80 307 345

76 540 208

Grants per Vote (MFMA Sec 123 (c)):

Equitable Share

45 025 000

41 390 000

Vote 1 - Municipal Manager

672 000

-

Vote 2 - Finance

2 235 323

2 240 000

Vote 3 - Corporate Services

4 164 600

1 188 816

Vote 4 - Technical Services

19 911 044

25 026 408

Vote 5 - Community Services

8 299 379

6 694 985

Total

80 307 345

76 540 208

The movements per grant can be summarised as follows:

22.01 Equitable Share

Opening Unspent Balance

-

-

Grants Received

45 025 000

41 390 000

Transferred to Revenue - Operating

(45 025 000)

(41 390 000)

Transferred to Revenue - Capital

-

-

Other Movements

-

-

Closing Unspent Balance

-

-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

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22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

22.02 Finance Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received	1 550 000	1 550 000
Transferred to Revenue - Operating	(1 349 360)	(897 826)
Transferred to Revenue - Capital	(200 640)	(652 174)
Other Movements	-	-
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial

22.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	-	-
Grants Received	14 548 000	19 754 000
Transferred to Revenue - Operating	(2 478 282)	(3 951 356)
Transferred to Revenue - Capital	(12 069 718)	(15 802 644)
Other Movements	-	-
Closing Unspent Balance	-	-

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

22.04 Expanded Public Works Programme (EPWP)

Opening Unspent Balance	-	-
Grants Received	1 422 000	1 413 000
Transferred to Revenue - Operating	(1 422 000)	(1 413 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

22.05 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	-	-
Grants Received	6 000 000	3 000 000
Transferred to Revenue - Operating	(1 493 135)	-
Transferred to Revenue - Capital	(2 020 204)	(3 000 000)
Other Movements	-	-
Closing Unspent Balance	2 486 661	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

22.06 Municipal Disaster Relief Grant (COGTA)

Opening Unspent Balance	-	-
Grants Received	72 000	-
Transferred to Revenue - Operating	(72 000)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

This grant was utilised for the purchase of personal protective equipment in the fight against the COVID-19 pandemic.

BERGRIVIER LOCAL MUNICIPALITY

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22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

22.07 CDW Contribution

Opening Unspent Balance	13 947	13 947
Grants received	(13 947)	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	13 947

The CDW Contribution was used to finance the activities of Community Development Workers.

22.08 Western Cape Financial Management Support Grant

Opening Unspent Balance	-	-
Grants received	330 000	690 000
Transferred to Revenue - Operating	(330 000)	(690 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain databases cleansing, risk management and internal audit services.

22.09 Proclaimed Roads

Opening Unspent Balance	-	-
Grants received	-	92 730
Transferred to Revenue - Operating	(97 000)	(92 730)
Transferred to Revenue - Capital	-	-
Other Movements	97 000	-
Closing Unspent Balance	-	-

The grant was used for maintenance of provincial roads.

22.10 Regional Socio - Economic Project/Violence Prevention through Urban Upgrading

Opening Unspent Balance	-	-
Grants received	4 500 000	1 000 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(4 040 515)	(1 000 000)
Other Movements	-	-
Closing Unspent Balance	459 485	-

The grant was utilised for the extension of Calendula street.

22.11 Library Services

Opening Unspent Balance	560 015	-
Grants Received	7 857 000	7 255 000
Transferred to Revenue - Operating	(6 115 870)	(6 635 000)
Transferred to Revenue - Capital	(796 696)	(59 985)
Other Movements	-	-
Closing Unspent Balance	1 504 449	560 015

The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.

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22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

22.12 Financial Management Capacity Building Grant

Opening Unspent Balance	20 000	20 000
Grants Received	360 000	-
Transferred to Revenue - Operating	(355 323)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	24 677	20 000

The purpose of the grant is to develop financial human capacity within the municipal areas to enable sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

22.13 Local Government Graduate Internship Allocation

Opening Unspent Balance	60 000	60 000
Grants Received	(60 000)	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	60 000

This grant was utilised for the recruitment of interns.

22.14 Development of Sport and Recreation Facilities

Opening Unspent Balance	-	-
Grants Received	250 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(204 040)	-
Other Movements	-	-
Closing Unspent Balance	45 960	-

This grant was utilised for the upgrade of the cricket field in Velddrif.

22.15 Fire Service Capacity Building Grant

Opening Unspent Balance	-	-
Grants Received	830 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(820 261)	-
Other Movements	-	-
Closing Unspent Balance	9 739	-

This grant was utilised for the purchase 4x4 fire fighting truck.

22.16 Local Government Support Grant - COVID-19

Opening Unspent Balance	-	-
Grants Received	600 000	-
Transferred to Revenue - Operating	(600 000)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

This grant was utilised for the supply of food parcels during the national lockdown period.

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22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

22.17 Department of Human Settlements

Opening Unspent Balance	467 459	-
Grants Received	-	467 459
Transferred to Revenue - Operating	(362 512)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	104 947	467 459

This grant was utilised for the feasibility studies and the construction of infrastructure for housing projects.

22.18 Heist op den Berg

Opening Unspent Balance	-	105 523
Grants Received	552 358	634 275
Transferred to Revenue - Operating	(289 968)	(766 678)
Transferred to Revenue - Capital	(40 736)	-
Other Movements	(26 880)	26 880
Closing Unspent Balance	194 774	-

This grant is federal government funding from Belgium for solid waste management.

22.19 Chieta

Opening Unspent Balance	-	-
Grants Received	326 299	188 815
Transferred to Revenue - Operating	(124 085)	(188 815)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	202 214	-

This grant is for the training and development of municipal officials

22.20 Total Grants

Opening Unspent Balance	1 121 421	199 470
Grants Received	84 148 710	77 435 280
Transferred to Revenue - Operating	(60 114 535)	(56 025 405)
Transferred to Revenue - Capital	(20 192 811)	(20 514 803)
Other Movements	70 120	26 880
Closing Unspent Balance	5 032 906	1 121 421

23 CONTRIBUTED ASSETS

Land	-	700 000
Total	-	700 000

The land was obtained through a court order of property previously transferred from the Municipality. The buyer did not adhere to the requirements as per the sale agreement and accordingly the land was transferred back to the Municipality at market value.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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24	FINES, PENALTIES AND FORFEITS		
	Traffic Fines	17 100 550	7 618 950
	Library Fines	1 178	22 045
	Illegal Connections	51 994	79 715
	Unclaimed Money	866 978	2 214 152
	Total	18 020 700	9 934 861
In terms of the requirements of GRAP 23 and iGRAP 1, all traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.			
25	ACTUARIAL GAINS		
	Post Retirement Medical Benefits	8 077 528	5 822 604
	Long Service Awards	379 947	-
	Total	8 457 475	5 822 604
26	SERVICE CHARGES		
	Electricity	117 786 139	104 785 257
	Water	30 864 465	26 256 263
	Refuse Removal	27 277 573	25 734 343
	Sewerage and Sanitation	16 768 513	15 830 493
	Total Revenue	192 696 689	172 606 355
	Less: Rebates	(11 261 902)	(9 684 692)
	Electricity	(738 835)	(373 211)
	Water	(2 112 350)	(1 908 529)
	Refuse Removal	(5 040 058)	(4 448 551)
	Sewerage and Sanitation	(3 370 660)	(2 954 401)
	Total	181 434 786	162 921 664
	As previously reported		160 631 071
	Correction of error restatement - note 42.1		2 290 593
	Restated balance		162 921 664
Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.			
27	RENTAL OF FACILITIES AND EQUIPMENT		
	Halls	109 851	143 606
	Camping and Entrance Fees	3 621 195	4 414 372
	Commonage	576 939	576 939
	Hawker Stalls	131 006	145 842
	Land and Buildings	732 728	549 641
	Total	5 171 720	5 830 400

BERGRIVIER LOCAL MUNICIPALITY

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<i>Figures in Rand</i>		2020	2019
28	AGENCY SERVICES		
	Drivers Licences	741 678	1 114 062
	Motor Vehicle Registration	2 540 061	2 719 058
	Roadworthy Certificates	395 069	479 476
	Total	3 676 808	4 312 596
<p>The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission. Refer to note 54.1 for additional disclosure in this regard.</p> <p>The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.</p>			
29	OTHER INCOME		
	Building Plan Approval	989 098	1 025 181
	Cemetery and Burial	409 445	322 620
	Cleaning and Removal	58 828	80 252
	Clearance and Valuation Certificates	255 907	242 725
	Commission	75 026	70 431
	Development Charges	38 844	119 477
	Photocopies and Faxes	43 405	49 077
	Sub-division and Consolidation Fees	69 669	218 682
	Sundry Income	132 761	182 628
	Total	2 072 983	2 311 072
30	CONSTRUCTION CONTRACTS		
	Construction of Velddrif 107 Top Structures	3 863 185	6 512 701
	Total	3 863 185	6 512 701
	As previously reported		-
	Change in accounting policy restatement - note 43.1		6 512 701
	Restated balance		6 512 701
<p>The Municipality has assessed that it acts as the Developer for the Department of Human Settlements for the construction of top structures for the above-mentioned project.</p> <p>As the contracts with the Department of Human Settlements are non-commercial contracts with no profit margins, the revenue recognised is based on the amount of expenditure incurred by the Municipality for the construction of the top structures, which is in terms of the stage of completion determined by the progress payments claimed by the respective sub-contractors.</p>			
Construction of Velddrif 107 Top Structures			
Reconciliation for the year			
	Opening balance	(143 579)	1 438 644
	Expenditure incurred / Revenue Recognised	3 863 185	6 512 701
	Payments / Advances received	(4 200 564)	(8 094 925)
	Gross amount due to Department of Human Settlements	(480 958)	(143 579)
Aggregated reconciliation			
	Expenditure incurred / Revenue Recognised	25 348 050	21 484 865
	Advances received	(25 829 008)	(21 628 444)
	Retentions	-	-
	Gross amount due to Department of Human Settlements	(480 958)	(143 579)

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EMPLOYEE RELATED COSTS

Basic Salaries and Wages	82 941 977	79 170 666
Pension and UIF Contributions	13 861 831	12 919 914
Medical Aid Contributions	5 602 018	5 089 817
Overtime	5 250 991	5 009 016
Motor Vehicle Allowance	4 881 990	4 340 551
Cellphone Allowance	48 172	34 015
Housing Allowances	735 098	1 189 940
Other benefits and allowances	5 758 051	5 484 436
Acting Allowance	551 411	844 322
Bargaining Council Levy	41 753	41 361
Group Life Insurance	1 374 771	1 269 574
Standby Allowance	3 429 308	3 054 798
Scarcity Allowances	360 808	274 381
Contributions to Employee Benefits	10 843 100	9 543 238
Bonuses	6 119 394	5 732 029
Staff Leave	2 299 159	1 344 927
Performance Bonuses	305 006	294 692
Long Service Awards	560 442	474 360
Post Retirement Medical Benefits	1 559 099	1 697 230
Workmen's Compensation Fund	1 024 543	616 001
Total	130 947 771	123 397 594
As previously reported		123 486 307
Correction of error restatement - note 42.1		(88 713)
Restated balance		123 397 594

Remuneration of Management Personnel

Key management personnel are all appointed on a permanent basis, except for the Municipal Manager who is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract periods.

Municipal Manager - Adv H Linde

Annual Remuneration	1 320 897	1 259 618
Travelling Allowance	136 746	128 400
Contributions to UIF, Medical and Pension Funds	338 697	297 290
Total	1 796 340	1 685 308

Director: Corporate Services - Mr JWA Kotzee

Annual Remuneration	830 746	780 019
Travelling Allowance	226 080	210 000
Contributions to UIF, Medical and Pension Funds	201 570	193 189
Housing Subsidy	123 396	115 865
Total	1 381 792	1 299 073

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31 EMPLOYEE RELATED COSTS (CONTINUED)

Director: Technical Services - Mr H Krohn (Resigned 28 June 2019)

Annual Remuneration	-	833 587
Travelling Allowance	-	102 720
Contributions to UIF, Medical and Pension Funds	-	204 617
Housing Subsidy	-	142 126
Leave Payout	18 830	-
Service Bonus	28 944	46 383
Total	47 774	1 329 432

Chief Financial Officer - Mr GJ Goliath (resigned November 2018)

Annual Remuneration	-	335 110
Travelling Allowance	-	50 000
Performance Bonus	-	139 797
Leave Payout	-	53 295
Contributions to UIF, Medical and Pension Funds	-	53 569
Total	-	631 771

Director: Community Services - Mr DA Josephus

Annual Remuneration	687 299	669 852
Travelling Allowance	156 822	156 004
Contributions to UIF, Medical and Pension Funds	140 598	127 185
Service Bonus	48 754	48 754
Performance Bonus	147 346	116 497
Housing Subsidy	52 134	50 676
Total	1 232 953	1 168 968

Chief Financial Officer - Mr M Wüst (resigned 31 August 2019)

Annual Remuneration	140 437	421 587
Travelling Allowance	32 015	96 046
Performance Bonus	73 673	-
Leave Payout	9 447	-
Contributions to UIF, Medical and Pension Funds	2 960	8 603
Total	258 532	526 235

Chief Financial Officer - Mr F M Lötter (appointed 1 November 2019)

Annual Remuneration	553 799	-
Travelling Allowance	145 833	-
Performance Bonus	-	-
Contributions to UIF, Medical and Pension Funds	21 661	-
Total	721 294	-

Director: Technical Services - Mr AC Koch (appointed 1 November 2019)

Annual Remuneration	577 393	-
Travelling Allowance	137 500	-
Performance Bonus	-	-
Contributions to UIF, Medical and Pension Funds	6 400	-
Total	721 293	-

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32 REMUNERATION OF COUNCILLORS

Cllr JC Botha		313 230	302 752
Ald RM van Rooy		898 690	855 042
Ald SM Crafford		727 081	701 249
Ald A de Vries		729 488	703 000
Cllr SR Claassen	- terminated October 2018	-	121 347
Ald SIJ Smit		389 732	335 268
Cllr J Daniels		673 474	638 497
Cllr AJ Du Plooy		686 446	645 952
Cllr BJ Claassen	- terminated October 2018	-	93 586
Cllr A Small		312 742	302 299
Cllr MA Wessels		685 405	660 508
Ald J Swart	- terminated January 2019	-	166 322
Cllr D De Bruin	- elected November 2018	313 230	176 767
Cllr A van Wyk	- elected January 2019	313 230	140 737
Cllr I Adams	- elected February 2019	313 230	116 420
Cllr SS Lesch		313 230	302 752
Total		6 669 207	6 262 498

	Basic Salary	Motor Vehicle Allowance	Cellphone Allowance	Medical and Pension Contributions	Total
2020					
Executive Mayor	559 867	215 215	40 800	82 808	898 690
Deputy Executive Mayor	453 528	165 285	40 800	67 468	727 081
Speaker	688 688	-	40 800	-	729 488
Executive Committee	1 137 807	64 896	81 600	87 548	1 371 851
Other Councillors	2 317 622	216 627	326 400	81 448	2 942 097
Total	5 157 512	662 023	530 400	319 272	6 669 207
2019					
Executive Mayor	496 858	203 702	40 800	80 725	822 085
Deputy Executive Mayor	435 629	158 449	40 800	66 371	701 249
Speaker	662 200	-	40 800	-	703 000
Executive Committee	1 082 794	62 394	81 600	85 693	1 312 480
Other Councillors	2 104 914	189 810	311 981	116 979	2 723 684
Total	2 104 914	614 355	515 981	349 768	6 262 498

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee members serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties.

33 DEBT IMPAIRMENT

Receivables from Exchange Transactions	17 238 449	8 009 124
Receivables from Non-Exchange Transactions	19 208 848	8 569 155
Total Debt Impairment	36 447 297	16 578 280
Movement in VAT included in debt impairment	(1 432 228)	(455 716)
Total	35 015 069	16 122 564

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	2020	2019
34 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	20 994 829	19 890 904
Intangible Assets	389 461	525 042
Investment Property	1 382	643
Total	21 385 672	20 416 590
As previously reported		20 170 985
Correction of error restatement - note 42.3		245 605
Restated balance		20 416 590
35 FINANCE CHARGES		
Cash	6 528 379	6 614 660
Long-term Liabilities	6 528 379	6 404 172
Overdue accounts	-	210 488
Non-cash	9 267 746	8 883 947
Post Retirement Medical Benefits	3 158 364	3 399 898
Long Service Awards	473 208	458 102
Rehabilitation of Landfill Sites	5 636 174	5 025 947
Total	15 796 125	15 498 608
As previously reported		15 288 120
Correction of error restatement - note 42.4		210 488
Restated balance		15 498 608
36 BULK PURCHASES		
Electricity	92 750 851	80 290 903
Water	4 066 733	3 398 209
Water Purchased	5 996 627	4 451 789
Surplus generated by West Coast District Municipality (WCDM)	(1 929 894)	(1 053 580)
Total	96 817 583	83 689 111

Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including WCDM and a number of private suppliers.

In terms of the services concession agreement, the local municipalities determine a tariff, in consultation with the WCDM, that allows the WCDM to recover the costs it incurs in the provision of the bulk water services. At year-end, WCDM calculates the surplus generated from the service concession arrangement, and accordingly the surplus is distributed to the local municipalities based on their water purchases for the year.

BERGRIVIER LOCAL MUNICIPALITY

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37 CONTRACTED SERVICES

Accounting and Auditing	2 034 613	1 985 601
Communications	660 075	1 021 579
Construction of Housing Top Structures	3 863 185	6 512 701
Drivers Licence Cards	245 374	311 102
Human Resources	146 991	142 907
Laboratory Services	373 328	407 290
Land and Quantity Surveyors	362 512	14 464
Legal Cost	267 338	374 920
Maintenance Services	3 323 418	4 058 712
Organisational	1 050 699	902 464
Refuse Removal	4 264 165	3 911 271
Security Services	568 222	535 323
Traffic Fines Management	1 053 777	217 037
Valuer and Assessors	117 502	293 217
Other Consulting and Professional Fees	2 380 575	2 174 542
Total	20 711 772	22 863 129
As previously reported		16 280 561
Correction of error restatement - note 42.3		69 867
Change in accounting policy restatement - note 43.1		6 512 701
Restated balance		22 863 129

Other Consulting and Professional Fees consist out of a variety of services, including but not limited to the following:

- Research and Advisory
- Engineering
- Event Promoters
- Audit Committee
- Burial Service
- Catering Services
- Veterinary Services

38 TRANSFERS AND GRANTS

Animal Welfare	139 000	103 000
Bergrivier Canoe Marathon	60 000	56 700
Bergrivier Estuary Management Forum	542 300	143 000
External Bursaries	546 649	659 085
Museums	540 000	509 750
Port Owen Marine Authority	1 442 000	1 360 000
Society for the Prevention of Cruelty to Animals (SPCA)	82 000	77 500
Sport Councils	343 000	337 200
St Helena Bay Water Quality Trust	43 268	41 465
Tourism	2 350 000	2 035 000
Total	6 088 217	5 322 700

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OTHER EXPENDITURE

Advertising, Publicity and Marketing	945 235	1 116 097
Bank Charges, Facility and Card Fees	668 606	672 233
Bursaries to Employees	64 680	54 875
Chemicals	555 541	461 971
Commission - Prepaid Electricity	2 456 456	2 171 985
Communication	2 487 900	2 639 533
Cellular Contract (Subscription and Calls)	606 426	467 729
Postage, Stamps and Franking Machines	557 311	620 204
Telephone, Fax, Telegraph and Telex	1 324 164	1 551 600
Electricity - Internal usage	1 634 344	1 274 566
Entertainment	31 566	126 500
External Audit Fees	2 823 094	2 858 622
External Computer Service	749 672	1 189 535
Fuel	3 770 132	4 257 661
Hire Charges	442 562	679 463
Insurance	1 440 157	1 001 514
Learnerships and Internships	759 208	721 844
Maintenance Materials	4 855 611	4 534 603
Motor Vehicle Licence and Registrations	270 981	292 651
Printing and Stationary	1 149 841	1 292 002
Professional Bodies, Membership and Subscription	1 237 350	1 255 824
Refuse bags	1 920 741	1 402 402
Skills Development Fund Levy	870 716	962 298
Small Tools and Equipment	473 576	545 107
Travel and Subsistence	1 236 657	2 257 863
Uniform and Protective Clothing	446 630	557 893
Sundries and Other Consumables	2 275 418	2 449 153
COVID-19 Expenditure	953 743	-
Food parcels	783 598	-
Personal Protective Equipment	136 345	-
Awareness	33 800	-
Total	34 520 416	34 776 195
As previously reported		34 736 013
Correction of error restatement - note 42.3		40 181
Restated balance		34 776 195

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ACTUARIAL LOSSES

Long Service Awards	-	295 409
Total	-	295 409

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GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS

Proceeds	5 550 000	785 990
Less: Carrying value of Investment Property disposed	-	(50 000)
Less: Carrying value of Property, Plant and Equipment disposed	(362 823)	(222 999)
Total	5 187 177	512 991
As previously reported		505 865
Correction of error restatement - note 42.3		7 126
Restated balance		512 991

The gain on disposal relates to the disposal of the PW Koorts holiday resort which were sold during the current year.

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42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

42.1 Receivables from Exchange and Non-Exchange Transactions

The following errors were noted:

- In the 2018/19 annual financial statements, the Municipality disclosed an event after reporting date relating to the allegation of fraudulent transactions on the issuing of units of prepaid electricity. During the current year, the fraudulent transactions were quantified to an amount of R2 387 045 (inclusive of VAT) of which revenue was not recorded over a period ranging from 2009 to 2019.
- Also reported in the 2018/19 annual financial statements, were theft by an employee. It was noted that R88 713 of fraudulent transactions were included under Employee Related Costs for 2018/19. The said fraudulent expenditure was reallocated to a debtor account in order to be collected.
- Prepaid electricity sold by a third party vendor was not invoiced during 2018/19. Accordingly, a debtor amounting to R1 747 841 (inclusive of VAT) was not raised.

The net effect of the above-mentioned errors were as follow:

- Receivables from Exchange Transactions - note 3	Understated	1 747 841
- Receivables from Non-Exchange Transactions - note 4	Understated	2 475 759
- Taxes - note 5	Overstated	(529 079)
- Service Charges - note 26	Understated	2 290 593
- Employee Related Costs - note 31	Overstated	(88 713)
- Accumulated Surplus - note 42.5	Understated	1 315 216

42.2 Inventory

Land which was identified for a National Housing Programme was disclosed as inventory. Control over the land cease to exist when an arrangement is entered into with the Department of Human Settlements. Accordingly the land should have been derecognised.

The net effect of the above-mentioned errors were as follow:

- Inventory - note 8	Overstated	(83 254)
- Accumulated Surplus - note 42.5	Overstated	(83 254)

42.3 Property Plant and Equipment

The following errors were noted:

- Assets with a carrying value R12 861 was incorrectly written off in the prior year.
- Completed projects amounting to R1 335 949 was incorrectly still recorded as work in progress in the prior year and accordingly not depreciated. In addition, operating expenditure amounting to R64 329 was incorrectly included the said project.
- Infrastructure assets amounting to R5 317 440, which was funded by the Department of Human Settlements, were not recorded in the asset register. The reason for the oversight was due to the fact that the Municipality acted as an agent for the Department of Human Settlements whereby all expenditure and revenue received was recorded in a control account which effectively netted off to Zero.
- Included in Property, Plant and Equipment was operating expenditure identified amounting to R121 948 which should have been recognised in the Statement of Financial Performance.

The net effect of the above-mentioned errors were as follow:

- Property, Plant and Equipment - note 10	Understated	4 703 237
- Depreciation and Amortisation - note 34	Understated	245 605
- Contracted Services - note 37	Understated	69 867
- Other Expenditure - note 39	Understated	40 181
- Gain on disposal of Non-Monetary Assets note 41	Understated	7 126
- Accumulated Surplus - note 42.5	Understated	5 051 764

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42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

42.4 Payables from exchange transactions

The following errors were noted:

- Interest and penalties amounting to R255 570 pertaining to Workmens Compensation which was due to the Department of Labour was not accrued for as at 30 June 2019. R210 488 of the interest and penalties relate to 2018/19, while R45 082 relates to 2016/17.

The net effect of the above-mentioned errors were as follow:

- Payables from exchange transactions - note 15	Understated	255 570
- Finance Charges - note 35	Understated	210 488
- Accumulated Surplus - note 42.5	Overstated	(45 081)

42.5 Accumulated Surplus

Receivables from Exchange and Non-Exchange Transactions - note 42.1	Understated	1 315 216
Inventory - note 42.2	Overstated	(83 254)
Property Plant and Equipment - note 42.3	Understated	5 051 764
Payables from exchange transactions - note 42.4	Overstated	(45 081)
Total		<u><u>6 238 644</u></u>

43 PRIOR PERIOD ADJUSTMENTS - CHANGE IN ACCOUNTING POLICY

43.1 National Housing Programme Guideline

The Accounting Standards Board (ASB) issued the National Housing Programme Guideline. The said Guideline serves as an extension of GRAP 109 (Accounting by Principles and Agents) which became effective in the current financial year. The Guideline prescribes the treatment of funds received from the Department of Human Settlements in terms of the National Housing Programme.

In the prior year all funds received from the Department of Human Settlements and expenditure incurred were treated as a principle-agent arrangement, resulting that no revenue or expenditure were recognised in the Statement of Financial Performance.

The Guideline however clarified that the construction of infrastructure in terms of a housing project should be accounting for as transfers revenue in terms of GRAP 23 (Revenue from non-exchange transactions), while the construction of the housing top structure be accounted for in terms of GRAP 11 (Construction Contracts) in cases where the Municipality acts as the developer.

The Municipality assessed that it acts as the developer and accordingly applied GRAP 11 to account for the construction of housing top structure.

The net effect of the above-mentioned errors were as follow:

- Payables from exchange transactions - note 15	Overstated	(467 459)
- Unspent Conditional Government Grants - note 16	Understated	467 459
- Construction Contracts - note 30	Understated	6 512 701
- Contracted Services - note 37	Understated	6 512 701

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44 NET CASH FROM OPERATING ACTIVITIES

Net Surplus for the year	29 948 657	28 366 310
Adjusted for:		
Non-cash revenue included in Net Surplus	(13 669 275)	(7 018 786)
Contributed Assets	-	(700 000)
Actuarial Gains	(8 457 475)	(5 822 604)
Rental of Facilities and Equipment - movement in operating lease asset	(24 622)	16 809
Gain on disposal of Non-Monetary Assets	(5 187 177)	(512 991)
Non-cash expenditure included in Net Surplus	76 514 008	55 272 537
Employee Related Costs - Contributions towards	10 843 100	9 543 238
Post Retirement Medical Benefits	1 559 099	1 697 230
Long Service Awards	560 442	474 360
Bonuses	6 119 394	5 732 029
Staff Leave	2 299 159	1 344 927
Performance Bonuses	305 006	294 692
Debt Impairment	35 015 069	16 122 564
Depreciation and Amortisation	21 385 672	20 416 590
Finance Charges	9 267 746	8 883 947
Post Retirement Medical Benefits	3 158 364	3 399 898
Long Service Awards	473 208	458 102
Provision for Rehabilitation of Landfill-sites	5 636 174	5 025 947
Actuarial Losses	-	295 409
Other Expenditure - movement in operating lease liability	2 421	10 790
Cash expenditure not included in Net Surplus	(9 049 448)	(8 081 138)
Post Retirement Medical Benefits	(1 336 762)	(1 315 781)
Long Service Awards	(945 498)	(554 200)
Bonuses	(6 008 251)	(5 342 465)
Staff Leave	(537 918)	(612 398)
Performance Bonuses	(221 019)	(256 294)
Operating Surplus before changes in working capital	83 743 942	68 538 924
Movement in working capital	(19 601 413)	(37 098 590)
Receivables from Exchange Transactions	(16 149 773)	(22 733 921)
Receivables from Non-Exchange Transactions	(24 947 287)	(9 862 739)
Inventory	123 267	771 470
Long-term Receivables	312 010	946 727
Payables from exchange transactions	13 842 657	(5 762 161)
Unspent Conditional Government Grants	3 911 485	921 951
Taxes	3 306 227	(1 379 917)
Cash Flow from Operating Activities	64 142 529	31 440 334

45 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	41 635 098	64 569 543
Call and Notice Deposits	60 159 485	6 852 211
Cash Floats	17 850	16 350
Total	101 812 433	71 438 105

Refer to note 2 for more details relating to cash and cash equivalents.

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46 BUDGET COMPARISONS

46.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of Financial Position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of Financial Performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance.

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement.

Other Materials is required to be separately budgeted. However this line item is not GRAP compliant as it does not disclose the nature of the expenditure. Accordingly Other Materials should be read in conjunction with Other Expenditure.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

46.2 Statement of Financial Position

Adjustments to Original Budget

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2018/19.

Accumulated Surplus was adjusted to take into account budget adjustments made to the Statement of Financial Performance.

Actual Amounts vs Final Budget

Cash and Call Investment Deposits was more than budget due to an increase in outstanding creditors at year-end. The reason for the increase in outstanding creditors were due the national lockdown, whereby minimal expenditure was incurred during this period. During May and June 2020 a large amount of expenditure was incurred to address the backlog that resulted from the national lockdown period.

Property, Plant and Equipment was less than budget due to an underspending of the capital budget.

Trade and Other Payables were more than budget due to less outstanding creditors settled at year-end than anticipated as a result of the national lockdown as discussed under "Cash and Call Investment Deposits".

Provisions and Employee Benefits were less than budget due to the actuarial gains of R8.5m which arose during the calculation performed by the actuaries for the employee benefits provisions at year-end.

Accumulated Surplus were more than budget as a result of the items listed under the "Statement of Financial Performance" section.

Reserves were less than budget due to a change in the capital funding model whereby future capital expenditure will be financed from external loans, rather than from the capital replacement reserve.

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46 BUDGET COMPARISONS (CONTINUED)

46.3 Statement of Financial Performance

Adjustments to Original Budget

Interest Earned - Outstanding Debtors was increased to be in line with the actual 2018/19 interest charges as a result of an increase in unpaid debtors.

Fines were increased as a result of the new service provider which issues significantly more traffic fines than the previous service provider.

Debt Impairment was increased due to an increase in the amount of traffic fines (as indicated above) and also to take into account the negative effect of COVID-19 and the national lockdown on the collection rate of debtors.

Actual Amounts vs Final Budget

Service Charges - Electricity Revenue were less than budget due to internal usage included in budget.

Rental of Facilities and Equipment was more than budget due to the budget of camping fees being included under "Other Revenue" for budget purposes, but included under "Rental of Facilities and Equipment" for GRAP purposes.

Transfers recognised - operational is less than budget due to the treatment of the funding from the Department of Human Settlements for the construction of housing top structures. For budget purposes it is budgeted as part of "Transfers recognised - operational", but for GRAP purposes the revenue (Construction Contracts) is included under "Other Revenue".

Gain on disposal of PPE was more than budget, as the budget for the sale of land was included under "Other Revenue".

Employee Related Costs were less than budget as not all vacant positions were filled in the current year.

Other Materials and Other Expenditure were less than budget due to the national lockdown whereby the certain operations were ceased during the national lockdown period.

Contracted Services were less than budget due to an underspending on the funding from the Department Human Settlements.

Transfers and subsidies - Capital (monetary) was less than budget due to the underspending of the Integrated National Electrification Programme (INEP) grant.

46.4 Cash Flow Statement

Adjustments to Original Budget

Net cash from operating activities was mainly decreased due a lower anticipated collection rate on debtor, and due to additional funding allocated towards COVID-19.

Actual Amounts vs Final Budget

Services charges were less than budget due to internal electricity usage included in budget.

Government Grants were less than budget due to the treatment of the funding from the Department of Human Settlements as discussed under the section of "Statement of Financial Performance".

Suppliers and Employee were less than budget due to the treatment of the funding from the Department of Human Settlements and internal usage budgeted as expenditure rather than internal usage.

Proceeds on disposal of PPE was budgeted under "Other Revenue".

Capital Assets were less than budget as all capital projects were concluded at year-end.

47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

47.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	687 569	-
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - capital	-	687 569
Approved by Council	-	-
Unauthorised expenditure awaiting further action	687 569	687 569

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47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2020 (Actual) R	2020 (Final Budget) R	2020 (Unauthorised) R	2019 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Municipal Manager	26 949 371	29 667 581	-	-
Vote 2 - Finance	36 293 384	39 863 987	-	-
Vote 3 - Corporate Services	27 497 628	30 155 653	-	-
Vote 4 - Technical Services	215 522 390	222 733 919	-	-
Vote 5 - Community Services	61 689 061	71 857 901	-	-
Total	367 951 835	394 279 041	-	-
Unauthorised expenditure - Capital				
Vote 1 - Municipal Manager	160 609	214 000	-	-
Vote 2 - Finance	219 711	256 000	-	-
Vote 3 - Corporate Services	5 451 374	5 945 160	-	687 569
Vote 4 - Technical Services	29 438 570	35 429 391	-	-
Vote 5 - Community Services	5 667 715	7 251 612	-	-
Total	40 937 980	49 096 163	-	687 569

47.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	-	-
Fruitless and wasteful expenditure incurred - prior years	255 570	16 832
Fruitless and wasteful expenditure incurred - current year	-	1 737
Recovered from Employees	-	-
Approved by Council	-	(18 569)
Fruitless and wasteful expenditure awaiting further action	255 570	-

Details of fruitless and wasteful expenditure incurred

(a) Two Councillors who resigned service in October 2018 was paid the salary on the 25th of October and not all funds could be recovered.	-	1 737
(b) SARS Interest and Penalties (March 2014)	-	16 832
(c) Department of Labour - Penalties and Interest	255 570	-
Total	255 570	18 569

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred due to the employees no longer being in service of the municipality and no criminal offence occurred.

47.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	12 358 509	5 726 684
Irregular expenditure incurred - current year	273 332	9 663 373
Approved by Council	(12 630 241)	(3 031 548)
Irregular expenditure awaiting further action	1 600	12 358 509

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47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Details of irregular expenditure incurred

(a) Service rendered without a contract in place - Section 116(3) process followed	271 732	3 031 548
(b) Deviation was incorrectly classified as an emergency	-	3 842 350
(c) Regulation 32 - Auditor General interpretation of Circular 96	-	2 587 124
(d) Non-compliance with SCM Regulations	-	202 351
(e) Procurement from a person in service of the state	1 600	-
Total	273 332	9 663 373

Details of irregular expenditure awaiting further action:

(a) Service rendered without a contract in place - Section 116(3) process followed	-	2 784 573
(b) Deviation was incorrectly classified as an emergency	-	3 842 350
(c) Regulation 32 - Auditor General interpretation of Circular 96	-	5 529 235
(d) Non-compliance with SCM Regulations	-	202 351
(e) Procurement from a person in service of the state	1 600	-
Total	1 600	12 358 509

Incidents/cases identified in the current year include:

(a) Service rendered without a contract in place - Section 116(3) process followed	1	4
(b) Deviation was incorrectly classified as an emergency	0	1
(c) Regulation 32 - Auditor General interpretation of Circular 96	0	4
(d) Non-compliance with SCM Regulations	0	2
(e) Procurement from a person in service of the state	2	0

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

48 MATERIAL LOSSES

48.1 Water distribution losses

Kilo litres disinfected/purified/purchased	2 052 553	1 713 503
Kilo litres sold and free basic services	1 781 302	1 552 025
Kilo litres lost during distribution	271 251	161 478
Percentage lost during distribution	13.22%	9.42%

Normal pipe bursts and field leakages are responsible for water losses.

48.2 Electricity distribution losses

Units purchased (Kwh)	81 781 008	82 365 768
Units sold, free basic services and standard friction losses	74 975 650	72 638 945
Units lost during distribution (Kwh)	6 805 358	9 726 823
Percentage lost during distribution	8.32%	11.81%

Electricity losses are mainly due to friction losses.

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49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

49.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	(928 259)	(888 195)
Expenditure incurred	1 301 904	1 204 820
Payments	(1 360 633)	(1 244 884)
Payments in advance	(986 988)	(928 259)

49.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	2 873 237	3 347 051
External Audit - Auditor-General	2 823 094	2 858 622
VAT on External Audit	423 464	428 793
Audit Committee	50 143	59 636
Payments	(2 856 011)	(3 347 051)
Outstanding Balance	17 225	-

49.3 VAT [MFMA 125 (1)(c)]

Opening balance	2 483 307	1 958 124
Net amount claimed / (declared) during the year	(319 244)	(1 191 061)
Net amount paid / (received) during the year	965 469	1 716 244
Outstanding Balance	3 129 532	2 483 307

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

49.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	19 386 231	17 969 254
Payments	(19 386 231)	(17 969 254)
Outstanding Balance	-	-

49.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	31 024 231	28 848 537
Payments made to pension and medical fund	(31 024 231)	(28 848 537)
Outstanding Balance	-	-

49.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

No Councillors had arrear accounts outstanding for more than 90 days during the year.

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49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

49.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

Section 36(1)(a)(i) - Emergencies	2 993 905	2 830 617
Section 36(1)(a)(ii) - Single provider	538 239	885 712
Section 36(1)(a)(iii) - Specialised services	-	2 813 140
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	9 558 509	1 863 246
Total	13 090 653	8 392 714

Deviations from Supply Chain Management Regulations can be allocated as follow:

Vote 1 - Municipal Manager	2 228 707	201 281
Vote 2 - Finance	134 126	209 133
Vote 3 - Corporate Services	778 396	418 671
Vote 4 - Technical Services	5 676 517	7 313 363
Vote 5 - Community Services	4 272 906	250 267
Total	13 090 653	8 392 714

All the deviations were ratified by the Municipal Manager and reported to Council.

50 CAPITAL COMMITMENTS

Approved and contracted for

	9 604 548	8 218 070
Land and Buildings	-	687 801
Infrastructure	8 787 557	7 295 092
Community Assets	816 991	-
Intangible Assets	-	235 177

This expenditure will be financed from:

Government Grants	9 080 219	6 442 066
External Loans	144 369	687 801
Own funding	379 960	1 088 203
Total	9 604 548	8 218 070

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

51 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

51.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	101 812 433	71 438 105
Receivables from exchange transactions	54 026 839	55 115 514
Long-term Receivables	306 473	618 484
Total	156 145 745	127 172 102

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51 FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are past due, but not impaired:

Electricity	7 573 895	7 248 910
Water	5 580 108	4 852 578
Refuse	8 368 201	8 339 679
Sewerage	5 965 633	5 903 500
Interest	7 108 944	5 422 695
Other	1 064 839	2 780 137
Total	35 661 620	34 547 499

Past due receivables are aged as follow:

Past Due (31 - 60 Days)	3 920 281	3 347 379
Past Due (61 - 90 Days)	1 878 967	1 677 595
Past Due (90 Days +)	29 862 373	29 522 525
Total	35 661 620	34 547 499

51.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the Municipality is not directly exposed to any currency risk.

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51 FINANCIAL RISK MANAGEMENT (CONTINUED)

51.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	101 794 583	71 421 755
Long-term Liabilities (including current portion)	-	-
Net balance exposed	101 794 583	71 421 755

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2019 - 1%) increase in interest rates	508 973	714 218
0.5% (2019 - 0%) decrease in interest rates	(508 973)	-

A slowdown in Local and International economic activity (due to the COVID-19 pandemic) have prompted the Reserve Bank to cut interest rates during the financial year to support the economy. Management does not foresee significant interest rate movements the next 12 months.

51.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2020				
Annuity Loans	12 641 177	43 070 109	42 764 872	98 476 158
Payables from exchange transactions	23 199 748	-	-	23 199 748
Total	35 840 925	43 070 109	42 764 872	121 675 906
30 JUNE 2019				
Annuity Loans	11 673 958	43 024 667	44 911 852	99 610 477
Payables from exchange transactions	11 208 916	-	-	11 208 916
Total	22 882 874	43 024 667	44 911 852	110 819 392

51.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to any other price risk.

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52 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	101 812 433	71 438 105
Receivables from Exchange transactions	54 026 839	55 115 514
Long-term Receivables	306 473	618 484
Total	156 145 745	127 172 102

Financial Liabilities

Payables from exchange transactions	23 199 748	11 208 916
Long-Term Liabilities	59 593 243	58 193 471
Total	82 792 991	69 402 386

53 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Receivables from Non-Exchange Transactions	28 460 663	23 127 885
Rates	26 655 277	22 161 785
Fines	1 805 386	966 100
Taxes	-	1 310 040
Total	28 460 663	24 437 926

The amounts above are disclosed after any provision for impairment has been taken into account.

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 21 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 24 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

Taxes (Value Added Tax) are raised in terms of the Value Added Tax Act. Refer to note 5 for the respective components included in the balance. No interest is paid by the South African Revenue Service on outstanding VAT claims.

Refer to note 4 for determining the recoverability of property rates and traffic fines.

Property Rates

- Past due at the reporting date, and which have been impaired	11 085 633	11 776 599
- Past due that have not been impaired	16 125 067	16 512 123

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54 PRINCIPLE-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principle-agent arrangements exists:

54.1 Department of Transport and Public Works

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.

The following transactions were undertaken as part of principle-agent arrangement:

Collections payable to the Department at beginning of year	248 218	301 829
Revenue collected from third parties	17 834 329	18 973 963
Commission earned on collections included in note 28	(2 540 061)	(2 719 158)
VAT on commission earned payable to the South African Revenue Services	(381 009)	(407 874)
Collections paid over to The Department	(14 989 904)	(15 900 541)
	171 573	248 218

54.2 Department of Human Settlements

The Municipality acts an agent for the Department of Human Settlements which includes, but is not limited to, assistance of emergency housing programmes (EHP's) and transfer of title deeds to beneficiaries.

The following transactions were undertaken as part of principle-agent arrangement:

Balance at beginning of year	821 376	2 634
Advances received during year	20 700	870 534
Expenditure incurred on behalf of Department	(51 917)	(51 791)
	790 159	821 376

The balance at year-end is disclosed as follow:

Advance received included in note 15	825 209	821 376
Amounts claimable included in note 4	(35 050)	-
	790 159	821 376

55 EVENTS AFTER REPORTING DATE

The national state of disaster has been extended until 15 November 2020. Refer to note 62 whereby the financial impact of the COVID-19 pandemic on the Municipality is disclosed. Other than the COVID-19 pandemic, the Municipality had no other significant events after reporting date.

56 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received donations as disclosed in note 23.

57 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

58 CONTINGENT LIABILITIES

The Municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

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59 RELATED PARTIES

59.1 Related Party Transactions

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given.

59.2 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

59.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 31 and 32.

59.4 Other related party transactions

The Municipality did not enter into any transactions where Councillors or Management had an interest.

59.5 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.

The following awards were made where immediate family members are in the service of the State:

Company Name	Related Party	Family member in service of the state	Amount	Amount
Shop at Sandys	T Wessels	Daughter (Bergrivier Municipality)	10 362	23 130
IOMU trading	A Appollis	Spouse (Correctional Services)	28 463	580 729
Ettiene Vermaak	J Vermaak	Spouse (Karl Bremer Hospital)	58 652	19 861
Cederberg Conservation Service	B Du Plessis	Spouse (Cape Nature)	-	18 038
Die Naaldwerk Kamer	W de Jager	Spouse (Bergrivier Municipality)	15 000	4 900
Shekinal at ur service	H P van Wyk	Spouse (Bergrivier Municipality)	15 200	-
Anderson and Nel	H Kruger	Spouse (DOJ)	3 851	-
Morrison Bros	J Morrison	Son (Saldanha Municipality)	525 161	-
Dinah Traders	N Hendricks	Husband (WCED)	270 374	-
Total			927 062	646 658

60 CONTINGENT ASSET

The Municipality is not aware of any contingent assets.

61 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

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62 **IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY**

Bergrivier Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect the lockdown levels had on its economic environment. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover from the lockdowns levels.

The Municipality incurred costs amounting to R990 661 in the fight against the COVID-19 pandemic of which R672 000 was grant funded. The remaining expenditure was funded by the Municipality.

The Municipality assessed the impact of the COVID-19 pandemic by comparing the financial indicators of 2019/20 to 2018/19 as follow:

Cash available for working capital requirement	64 019 288	37 630 352
Current Ratio (norm - at least 2:1)	3.27	4.19
Cash coverage ratio (norm - 3 months or more)	3.73 months	2.89 months
Creditors days (norm - 30 days or less)	31 days	9 days
Debtors collection rate (95% or more)	91.56%	89.87%

When analysing the results of the ratio's it can be concluded that the COVID-19 pandemic did have an adverse effect from financial sustainability perspective. However, the results of the ratio's are still reasonable within the norms. Therefore, the Municipality has assessed that no going concern issues has been noted and that the Municipality can continue in operational existence for the foreseeable future.

63 **iGRAP 18 - RECOGNITION AND DERECOGNITION OF LAND**

The Municipality has assessed that it does not control land of which it is the legal owner. The said land pertains to the town of Elands Bay of which the demarcation borders were revised and accordingly excluded from the jurisdictional area of the Municipality. The title deeds of the said erven has not been transferred.

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2020

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2019	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2020
<u>ANNUITY LOANS</u>							
DBSA	61003131	16.50%	2020/12/31	220 829	-	(141 296)	79 533
Nedbank	05/7831032282	11.27%	2023/06/12	2 072 594	-	(438 213)	1 634 381
DBSA	61001029	12.41%	2030/06/30	14 076 957	-	(649 032)	13 427 925
DBSA	61006811	11.53%	2031/06/30	3 343 483	-	(138 916)	3 204 567
DBSA	61006837	11.59%	2036/06/30	8 164 013	-	(166 234)	7 997 779
DBSA	61006975	11.33%	2032/06/30	3 432 750	-	(122 586)	3 310 164
Standard Bank	252933753	11.95%	2024/06/30	4 371 493	-	(680 536)	3 690 957
Standard Bank	410683566	10.26%	2023/06/30	5 087 018	-	(1 088 863)	3 998 155
ABSA	3044794458	9.99%	2021/06/30	197 809	-	(95 311)	102 498
ABSA	3044701437	10.57%	2026/06/12	4 548 430	-	(463 292)	4 085 138
ABSA	3046456438	10.12%	2027/06/30	5 214 478	-	(445 629)	4 768 849
ABSA	3046456399	9.77%	2022/06/30	513 617	-	(154 862)	358 755
DBSA	61007572	9.28%	2029/06/29	5 850 000	-	(380 716)	5 469 284
DBSA	61007573	8.90%	2024/06/30	1 100 000	-	(184 741)	915 259
DBSA	61007642	10.07%	2023/06/12	-	6 550 000	-	6 550 000
Total Annuity Loans				58 193 471	6 550 000	(5 150 227)	59 593 244

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APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2020

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER MOVEMENT R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	45 025 000	(45 025 000)	-	-	-
Finance Management Grant (FMG)	-	1 550 000	(1 349 360)	(200 640)	-	-
Municipal Infrastructure Grant (MIG)	-	14 548 000	(2 478 282)	(12 069 718)	-	-
Expanded Public Works Programme (EPWP)	-	1 422 000	(1 422 000)	-	-	-
Integrated National Electrification Programme (INEP)	-	6 000 000	(1 493 135)	(2 020 204)	-	2 486 661
Municipal Disaster Relief Grant (COGTA)	-	72 000	(72 000)	-	-	-
Total	-	68 617 000	(51 839 777)	(14 290 562)	-	2 486 661
PROVINCIAL GOVERNMENT						
CDW Contribution	13 947	(13 947)	-	-	-	-
Western Cape Financial Management Support Grant	-	330 000	(330 000)	-	-	-
Proclaimed Roads	-	-	(97 000)	-	97 000	-
Regional Socio - Economic Project/Violence Prevention through Urban Upgrading	-	4 500 000	-	(4 040 515)	-	459 485
Library Services	560 015	7 857 000	(6 115 870)	(796 696)	-	1 504 449
Financial Management Capacity Building Grant	20 000	360 000	(355 323)	-	-	24 677
Local Government Graduate Internship Allocation	60 000	(60 000)	-	-	-	-
Development of Sport and Recreation Facilities	-	250 000	-	(204 040)	-	45 960
Fire Service Capacity Building Grant	-	830 000	-	(820 261)	-	9 739
Local Government Support Grant - COVID-19	-	600 000	(600 000)	-	-	-
Department of Human Settlements	467 459	-	(362 512)	-	-	104 947
Total	1 121 421	14 653 053	(7 860 705)	(5 861 512)	97 000	2 149 257
OTHER GRANT PROVIDERS						
Cerebos Ltd	-	-	-	-	-	-
Heist op den Berg	-	552 358	(289 968)	(40 736)	(26 880)	194 774
Chieta	-	326 299	(124 085)	-	-	202 214
Total	-	878 657	(414 053)	(40 736)	(26 880)	396 988
ALL SPHERES OF GOVERNMENT	1 121 421	84 148 710	(60 114 535)	(20 192 811)	70 120	5 032 906

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
Financial Performance						
Property rates	71 681 069	798 000	72 479 069	74 039 877	1 560 808	67 799 813
Service charges	188 140 660	(366 499)	187 774 161	181 434 786	(6 339 375)	162 921 664
Investment revenue	5 447 000	2 005 000	7 452 000	7 688 308	236 308	6 202 756
Transfers and subsidies - operational	67 092 435	697 174	67 789 609	60 114 535	(7 675 074)	56 025 405
Other own revenue	36 033 000	5 796 000	41 829 000	54 430 175	12 601 175	42 846 266
Total Operating Revenue (excluding capital transfers)	368 394 164	8 929 675	377 323 839	377 707 680	383 841	335 795 904
Employee costs	134 014 925	707 146	134 722 071	130 947 771	(3 774 300)	123 397 594
Remuneration of councillors	6 719 578	102 857	6 822 435	6 669 207	(153 228)	6 262 498
Debt impairment	21 475 000	12 271 000	33 746 000	35 015 069	1 269 069	16 122 564
Depreciation and asset impairment	23 284 000	(612 000)	22 672 000	21 385 672	(1 286 328)	20 416 590
Finance charges	13 967 895	1 742 677	15 710 572	15 796 125	85 553	15 498 608
Bulk purchases	96 543 000	1 500 000	98 043 000	96 817 583	(1 225 417)	83 689 111
Other Materials	12 069 880	2 337 070	14 406 950	-	(14 406 950)	-
Contracted Services	26 986 108	1 105 210	28 091 318	20 711 772	(7 379 546)	22 863 129
Transfers and grants	6 028 300	300 000	6 328 300	6 088 217	(240 083)	5 322 700
Other expenditure	35 409 321	(1 672 926)	33 736 395	34 520 416	784 021	35 071 604
Total Expenditure	376 498 007	17 781 034	394 279 041	367 951 833	(26 327 208)	328 644 397
Surplus/(Deficit)	(8 103 843)	(8 851 359)	(16 955 202)	9 755 847	26 711 049	7 151 507
Transfers and subsidies - capital (monetary)	24 066 565	743 018	24 809 583	20 192 811	(4 616 772)	20 514 803
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	700 000
Surplus/(Deficit) for the year	15 962 722	(8 108 341)	7 854 381	29 948 657	22 094 276	28 366 310
Capital expenditure & funds sources						
Capital expenditure	51 212 565	(2 116 402)	49 096 163	40 937 980	(8 158 183)	41 498 463
Transfers recognised - capital	24 066 565	793 018	24 859 583	20 192 811	(4 666 772)	21 647 991
Borrowing	6 550 000	600 000	7 150 000	6 306 245	(843 755)	6 411 726
Internally generated funds	20 596 000	(3 509 420)	17 086 580	14 438 924	(2 647 656)	13 438 745
Total sources of capital funds	51 212 565	(2 116 402)	49 096 163	40 937 980	(8 158 183)	41 498 463
Cash flows						
Net cash from (used) operating	46 232 038	(9 037 913)	37 194 125	64 142 529	26 948 404	31 440 334
Net cash from (used) investing	(51 212 565)	2 116 402	(49 096 163)	(35 387 980)	13 708 183	(39 969 126)
Net cash from (used) financing	1 412 971	600 000	2 012 971	1 619 779	(393 192)	2 030 932
Net Cash Movement for the year	(3 567 556)	(6 321 510)	(9 889 066)	30 374 328	40 263 394	(6 497 860)
Cash/cash equivalents at beginning of year	76 616 598	(5 178 493)	71 438 105	71 438 105	-	77 935 964
Cash/cash equivalents at the year end	73 049 042	(11 500 004)	61 549 039	101 812 432	40 263 394	71 438 104

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	34 055 000	(164 000)	33 891 000	34 720 000	829 000	31 020 000
Finance and administration	90 815 069	6 724 000	97 539 069	108 164 183	10 625 114	93 835 997
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	8 141 000	952 192	9 093 192	7 591 234	(1 501 958)	7 358 581
Sport and recreation	5 412 000	(1 706 000)	3 706 000	3 849 442	143 442	4 702 801
Public safety	13 293 000	3 839 000	17 132 000	17 951 922	819 922	-
Housing	8 115 000	-	8 115 000	4 225 697	(3 889 303)	6 512 701
Economic and environmental services						
Planning and development	20 867 000	(51 000)	20 816 000	20 224 174	(591 826)	23 189 245
Road transport	6 097 000	(77 000)	6 020 000	5 224 456	(795 544)	13 526 007
Trading services						
Energy sources	130 665 458	158 001	130 823 459	121 225 369	(9 598 090)	108 773 826
Water management	29 436 202	916 000	30 352 202	30 870 115	517 913	26 209 734
Waste water management	17 103 000	(285 000)	16 818 000	16 509 629	(308 371)	15 624 739
Waste management	28 461 000	(633 500)	27 827 500	27 344 271	(483 229)	26 257 074
Total Revenue - Standard	392 460 729	9 672 693	402 133 422	397 900 492	(4 232 930)	357 010 707
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	22 389 920	1 536 263	23 926 183	22 022 497	(1 903 686)	18 294 131
Finance and administration	72 954 858	3 743 766	76 698 624	69 552 256	(7 146 368)	63 648 876
Internal audit	1 568 475	188 772	1 757 247	1 376 495	(380 753)	1 186 737
Community and public safety						
Community and social services	10 299 692	(327 868)	9 971 824	8 991 081	(980 743)	8 280 306
Sport and recreation	19 133 628	368 104	19 501 732	16 891 166	(2 610 566)	17 540 708
Public safety	23 844 008	5 594 296	29 438 304	26 853 986	(2 584 318)	1 286 156
Housing	9 614 140	134 310	9 748 450	5 864 366	(3 884 084)	7 929 522
Economic and environmental services						
Planning and development	12 687 858	(297 522)	12 390 336	11 526 297	(864 039)	11 562 859
Road transport	30 471 040	793 600	31 264 640	28 544 408	(2 720 233)	44 438 981
Trading services						
Energy sources	112 438 655	(679 488)	111 759 167	112 113 387	354 220	97 073 626
Water management	20 497 358	4 104 000	24 601 358	21 172 601	(3 428 757)	18 890 844
Waste water management	14 031 091	(340 000)	13 691 091	11 380 928	(2 310 163)	9 639 730
Waste management	26 567 284	2 962 801	29 530 085	31 662 367	2 132 282	28 871 882
Total Expenditure - Standard	376 498 007	17 781 034	394 279 041	367 951 835	(26 327 206)	328 644 357
Surplus/(Deficit) for the year	15 962 722	(8 108 341)	7 854 381	29 948 657	22 094 276	28 366 349

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Municipal Manager	34 500 000	(164 000)	34 336 000	35 165 000	829 000	31 440 000
Vote 2 - Finance	84 453 069	6 088 000	90 541 069	98 270 017	7 728 948	86 694 736
Vote 3 - Corporate Services	5 517 000	(450 000)	5 067 000	12 826 574	7 759 574	8 004 746
Vote 4 - Technical Services	228 616 660	1 062 501	229 679 161	214 343 798	(15 335 363)	200 363 717
Vote 5 - Community Services	39 374 000	3 136 192	42 510 192	37 295 103	(5 215 089)	30 507 508
Total Revenue by Vote	392 460 729	9 672 693	402 133 422	397 900 492	(4 232 930)	357 010 707
EXPENDITURE						
Vote 1 - Municipal Manager	28 048 046	1 619 535	29 667 581	26 949 371	(2 718 210)	23 596 252
Vote 2 - Finance	34 621 814	5 242 173	39 863 987	36 293 384	(3 570 603)	29 944 334
Vote 3 - Corporate Services	31 350 211	(1 194 558)	30 155 653	27 497 628	(2 658 025)	27 614 640
Vote 4 - Technical Services	216 124 106	6 609 813	222 733 919	215 522 390	(7 211 529)	192 337 175
Vote 5 - Community Services	66 353 830		71 857 901	61 689 061	(10 168 840)	55 151 956
Total Expenditure by Vote	376 498 007	12 276 963	394 279 041	367 951 835	(26 327 206)	328 644 357
Surplus/(Deficit) for the year	15 962 722	(2 604 270)	7 854 381	29 948 657	22 094 276	28 366 349

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	71 681 069	798 000	72 479 069	74 039 877	1 560 808	67 799 813
Service charges - electricity revenue	123 889 458	250 001	124 139 459	117 047 304	(7 092 155)	104 412 046
Service charges - water revenue	27 266 202	886 000	28 152 202	28 752 115	599 913	24 347 734
Service charges - sanitation revenue	13 987 000	(635 000)	13 352 000	13 397 853	45 853	12 876 092
Service charges - refuse revenue	22 998 000	(867 500)	22 130 500	22 237 514	107 014	21 285 792
Rental of facilities and equipment	1 132 000	359 000	1 491 000	5 171 720	3 680 720	5 830 400
Interest earned - external investments	5 447 000	2 005 000	7 452 000	7 688 308	236 308	6 202 756
Interest earned - outstanding debtors	4 542 000	3 439 000	7 981 000	7 880 099	(100 901)	7 390 157
Fines, penalties and forfeits	12 472 000	3 928 000	16 400 000	18 020 700	1 620 700	9 934 861
Licences and permits	262 000	(159 000)	103 000	83 329	(19 671)	-
Agency services	4 413 000	51 000	4 464 000	3 676 808	(787 192)	4 312 596
Transfers and subsidies - Operating	67 092 435	697 174	67 789 609	60 114 535	(7 675 074)	56 025 405
Other revenue	13 212 000	(1 822 000)	11 390 000	14 410 342	3 020 342	14 865 262
Gain on disposal of PPE	-	-	-	5 187 177	5 187 177	512 991
Total Revenue (excl capital transfers)	368 394 164	8 929 675	377 323 839	377 707 680	383 841	335 795 904
EXPENDITURE BY TYPE						
Employee related costs	134 014 925	707 146	134 722 071	130 947 771	(3 774 300)	123 397 594
Remuneration of councillors	6 719 578	102 857	6 822 435	6 669 207	(153 228)	6 262 498
Debt impairment	21 475 000	12 271 000	33 746 000	35 015 069	1 269 069	16 122 564
Depreciation and asset impairment	23 284 000	(612 000)	22 672 000	21 385 672	(1 286 328)	20 416 590
Finance charges	13 967 895	1 742 677	15 710 572	15 796 125	85 553	15 498 608
Bulk purchases	96 543 000	1 500 000	98 043 000	96 817 583	(1 225 417)	83 689 111
Other Materials	12 069 880	2 337 070	14 406 950	-	(14 406 950)	-
Contracted Services	26 986 108	1 105 210	28 091 318	20 711 772	(7 379 546)	22 863 129
Transfers and grants	6 028 300	300 000	6 328 300	6 088 217	(240 083)	5 322 700
Other expenditure	35 409 321	(1 672 926)	33 736 395	34 520 416	784 021	35 071 604
Total Expenditure	376 498 007	17 781 034	394 279 041	367 951 833	(26 327 208)	328 644 397
Surplus/(Deficit)	(8 103 843)	(8 851 359)	(16 955 202)	9 755 847	26 711 049	7 151 507
Transfers and subsidies - Capital (monetary)	24 066 565	743 018	24 809 583	20 192 811	(4 616 772)	20 514 803
Transfers and subsidies - Capital (in-kind)	-	-	-	-	-	700 000
Surplus/(Deficit) for the year	15 962 722	(8 108 341)	7 854 381	29 948 657	22 094 276	28 366 310

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	-
Vote 3 - Corporate Services	4 500 000	-	4 500 000	4 040 515	(459 485)	1 000 191
Vote 4 - Technical Services	14 096 154	(3 593 059)	10 503 095	6 767 615	(3 735 480)	8 692 945
Vote 5 - Community Services	245 000	20 340	265 340	228 968	(36 372)	846 910
Total Multi-year expenditure	18 841 154	(3 572 719)	15 268 435	11 037 097	(4 231 338)	10 540 047
Single-year expenditure						
Vote 1 - Municipal Manager	211 000	3 000	214 000	160 609	(53 391)	88 244
Vote 2 - Finance	672 174	(416 174)	256 000	219 711	(36 289)	734 624
Vote 3 - Corporate Services	1 467 000	(21 840)	1 445 160	1 410 860	(34 300)	1 866 378
Vote 4 - Technical Services	23 234 237	1 692 059	24 926 296	22 670 956	(2 255 340)	21 487 458
Vote 5 - Community Services	6 787 000	199 272	6 986 272	5 438 748	(1 547 524)	6 781 712
Total Single-year expenditure	32 371 411	1 456 317	33 827 728	29 900 883	(3 926 845)	30 958 416
Total Capital Expenditure by Vote	51 212 565	(2 116 402)	49 096 163	40 937 980	(8 158 183)	41 498 463
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	81 000	-	81 000	80 499	(501)	52 422
Finance and administration	2 399 174	164 487	2 563 661	2 441 951	(121 710)	3 537 323
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	1 245 000	1 148 666	2 393 666	1 431 011	(962 655)	397 275
Sport and recreation	3 574 000	(716 404)	2 857 596	2 256 029	(601 567)	6 334 872
Public safety	1 165 000	808 650	1 973 650	1 954 047	(19 603)	226 755
Housing	28 000	(1 300)	26 700	26 629	(71)	7 457
Economic and environmental services						
Planning and development	4 745 000	499	4 745 499	4 231 970	(513 529)	1 777 949
Road transport	10 674 054	1 709 098	12 383 152	11 205 641	(1 177 511)	7 452 321
Trading services						
Energy sources	8 998 391	40 000	9 038 391	5 323 587	(3 714 804)	5 888 495
Water management	4 995 000	(3 185 000)	1 810 000	1 824 448	14 448	1 083 070
Waste water management	12 330 946	(2 125 098)	10 205 848	9 355 558	(850 290)	13 340 405
Waste management	977 000	40 000	1 017 000	806 610	(210 390)	1 400 119
Total Capital Expenditure - Standard	51 212 565	(2 116 402)	49 096 163	40 937 980	(8 158 183)	41 498 463

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	17 886 565	(416 174)	17 470 391	14 290 562	(3 179 829)	20 041 970
Provincial Government	6 180 000	1 159 192	7 339 192	5 861 512	(1 477 680)	1 606 021
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	50 000	50 000	40 736	(9 264)	-
Transfers recognised - capital	24 066 565	793 018	24 859 583	20 192 810.80	(4 666 772)	21 647 991
Public contributions & donations	-	-	-	-	-	-
Borrowing	6 550 000	600 000	7 150 000	6 306 245	(843 755)	6 411 726
Internally generated funds	20 596 000	(3 509 420)	17 086 580	14 438 924	(2 647 656)	13 438 745
Total Capital Funding	51 212 565	(2 116 402)	49 096 163	40 937 980	(8 158 183)	41 498 463

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	68 813 827	(1 074 593)	67 739 234	67 655 439	(83 795)	65 464 520
Service charges	180 615 035	(1 671 829)	178 943 205	173 477 122	(5 466 083)	148 524 627
Other revenue	20 290 000	(1 343 000)	18 947 000	17 694 299	(1 252 701)	20 256 841
Government - operating	67 092 435	603 227	67 695 662	63 955 899	(3 739 763)	56 920 477
Government - capital	24 066 565	183 003	24 249 568	20 192 811	(4 056 757)	20 514 803
Interest	9 807 320	(2 355 320)	7 452 000	7 688 308	236 308	6 202 756
Payments						
Suppliers and employees	(311 481 843)	(3 579 401)	(315 061 244)	(273 904 752)	41 156 492	(274 506 329)
Finance charges	(6 943 000)	500 000	(6 443 000)	(6 528 379)	(85 379)	(6 614 660)
Transfers and grants	(6 028 300)	(300 000)	(6 328 300)	(6 088 217)	240 083	(5 322 700)
NET CASH FROM OPERATING ACTIVITIES	46 232 038	(9 037 913)	37 194 125	64 142 529	26 948 404	31 440 334
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	5 550 000	5 550 000	785 990
Decrease (increase) other non-current receivables	-	-	-	-	-	43 347
Payments						
Capital assets	(51 212 565)	2 116 402	(49 096 163)	(40 937 980)	8 158 183	(40 798 463)
NET CASH USED IN INVESTING ACTIVITIES	(51 212 565)	2 116 402	(49 096 163)	(35 387 980)	13 708 183	(39 969 126)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	6 550 000	600 000	7 150 000	6 550 000	(600 000)	6 950 000
Increase (decrease) in consumer deposits	138 604	-	138 604	220 005	81 401	200 445
Payments						
Repayment of borrowing	(5 275 633)	-	(5 275 633)	(5 150 226)	125 406	(5 119 513)
NET CASH FROM FINANCING ACTIVITIES	1 412 971	600 000	2 012 971	1 619 779	(393 193)	2 030 932
NET INCREASE/ (DECREASE) IN CASH HELD	(3 567 556)	(6 321 510)	(9 889 066)	30 374 328	40 263 393	(6 497 860)
Cash/cash equivalents at the year begin:	76 616 598	(5 178 493)	71 438 105	71 438 105	-	77 935 964
Cash/cash equivalents at the year end:	73 049 042	(11 500 004)	61 549 039	101 812 433	40 263 395	71 438 105

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

OPERATING DEPARTMENTAL REVENUE AND EXPENDITURE FOR THE YEAR END 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 %
OPERATING REVENUE				
Vote 1 - Municipal Manager				
Mayor and Council	2 804 000	2 804 000	2 804 000	0%
Municipal Manager	31 251 000	31 087 000	31 916 000	3%
Economic DevelopmentPlanning	445 000	445 000	445 000	0%
Internal Audit	-	-	-	0%
Vote 2 - Finance				
Finance	83 790 895	90 281 069	98 031 899	9%
Budget and Treasury Office	-	-	-	0%
Supply Chain Management	10 000	24 000	37 478	56%
Director Finance Services	-	-	-	0%
Vote 3 - Corporate Services				
Planning and Development	472 000	322 000	201 561	-37%
Human Resources	542 000	242 000	8 581 560	3446%
Information Technology	-	-	-	0%
Administrative and Corporate Support	3 000	3 000	2 938	-2%
Director Corporate Services	-	-	-	0%
Vote 4 - Technical Services				
Building Control	902 000	1 001 000	989 098	-1%
Project Management Unit	2 531 000	2 531 000	2 478 282	-2%
Property Services	5 817 000	6 753 000	1 309 667	-81%
Director Technical Services	-	-	-	0%
Solid Waste Removal	28 461 000	27 827 500	27 303 535	-2%
Street Cleaning	-	-	-	0%
Sewerage	17 103 000	16 818 000	16 509 629	-2%
Waste Water Treatment	-	-	-	0%
Storm Water Management	-	-	-	0%
Water Distribution	29 436 202	30 352 202	30 870 115	2%
Water Treatment	-	-	-	0%
Roads	1 684 000	1 556 000	1 547 648	-1%
Electricity	125 448 067	125 606 068	119 205 165	-5%
Street Lighting	-	-	-	0%
Vote 5 - Community Services				
Director Community Services	-	-	-	0%
Libraries and Archives	6 963 000	6 768 000	6 189 127	-9%
Community Halls and Facilities	212 000	200 000	195 966	-2%
Cemetaries	366 000	366 000	409 445	12%
Housing Core	45 000	45 000	-	-100%
Housing Non-Core	8 070 000	8 070 000	4 225 697	-48%
Traffic Control	12 458 000	16 297 000	17 130 751	5%
Fire Fighting and Protection	5 000	5 000	910	-82%
Community Parks	186 000	186 000	-	-100%
Sports Grounds and Stadiums	-	-	-	0%
Swimming Pools	37 000	24 000	23 928	0%
Holiday Resorts	4 924 000	3 245 000	3 621 343	12%
Holiday Resorts PW Koorts	15 000	1 000	130	-87%
Road and Traffic Regulation	4 413 000	4 464 000	3 676 808	-18%
TOTAL OPERATING REVENUE	368 394 164	377 323 839	377 707 681	0%

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

OPERATING DEPARTMENTAL REVENUE AND EXPENDITURE FOR THE YEAR END 30 JUNE 2020

	ORIGINAL BUDGET 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 %
EXPENDITURE				
Vote 1 - Municipal Manager				
Mayor and Council	9 772 120	9 414 094	9 052 333	-4%
Municipal Manager	12 617 800	14 512 089	12 970 165	-11%
Economic DevelopmentPlanning	4 089 651	3 984 151	3 550 379	-11%
Internal Audit	1 568 475	1 757 247	1 376 495	-22%
Vote 2 - Finance				
Finance	25 432 444	30 767 618	27 892 011	-9%
Budget and Treasury Office	2 071 521	2 037 521	1 798 477	-12%
Supply Chain Management	5 276 901	5 256 900	5 082 823	-3%
Director Finance Services	1 840 948	1 801 948	1 520 074	-16%
Vote 3 - Corporate Services				
Planning and Development	4 598 936	4 465 414	4 122 432	-8%
Human Resources	12 470 890	11 617 116	11 362 101	-2%
Information Technology	3 877 330	4 206 330	3 626 413	-14%
Administrative and Corporate Support	8 401 853	7 929 191	6 491 973	-18%
Director Corporate Services	2 001 202	1 937 602	1 894 710	-2%
Vote 4 - Technical Services				
Building Control	2 095 780	2 065 780	1 993 526	-3%
Project Management Unit	1 903 491	1 874 991	1 859 960	-1%
Property Services	7 654 559	7 607 559	7 062 544	-7%
Director Technical Services	2 030 534	1 886 034	1 219 845	-35%
Solid Waste Removal	25 031 879	28 013 680	30 109 309	7%
Street Cleaning	1 535 405	1 516 405	1 553 058	2%
Sewerage	9 629 267	9 557 267	7 355 489	-23%
Waste Water Treatment	3 585 589	3 213 589	3 382 121	5%
Storm Water Management	816 235	920 235	643 318	-30%
Water Distribution	18 240 782	22 403 782	19 159 982	-14%
Water Treatment	2 256 576	2 197 576	2 012 620	-8%
Roads	28 905 354	29 717 854	27 057 233	-9%
Electricity	111 278 259	110 653 771	111 024 898	0%
Street Lighting	1 160 396	1 105 396	1 088 489	-2%
Vote 5 - Community Services				
Director Community Services	1 896 676	1 650 805	1 601 287	-3%
Libraries and Archives	7 562 115	7 481 607	6 525 775	-13%
Community Halls and Facilities	1 929 502	1 713 432	1 798 581	5%
Cemetaries	808 075	776 785	666 725	-14%
Housing Core	1 520 210	1 662 820	1 631 423	-2%
Housing Non-Core	8 093 930	8 085 630	4 232 943	-48%
Traffic Control	22 359 823	27 851 319	25 828 148	-7%
Fire Fighting and Protection	1 484 185	1 586 985	1 025 838	-35%
Community Parks	8 724 118	8 914 645	8 081 540	-9%
Sports Grounds and Stadiums	3 667 418	4 094 003	3 382 726	-17%
Swimming Pools	740 816	714 178	676 137	-5%
Holiday Resorts	5 973 031	5 759 261	4 745 525	-18%
Holiday Resorts PW Koorts	28 245	19 645	5 239	-73%
Road and Traffic Regulation	1 565 686	1 546 786	1 487 174	-4%
TOTAL OPERATING EXPENDITURE	376 498 007	394 279 041	367 951 835	-7%